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Masood Ahmed - Chronological File - October to December 1986

OFFICE MEMORANDUM

DATE: November 21, 198

TO: Mr. Robert Saunders, Acting Assistant Director, EGYPS

FROM: Masood Ahmed, Acting Chief, EGYSI

EXT: 74219

SUBJECT: Guidelines for Employment Conditions of Secondment Staff

1. I have reviewed the guidelines attached to Mr. Raphaeli's memorandum of November 14.

2. Apart from the basic objection to categorizing UNDP funded fixed term ESMAP staff as secondment staff, which we have raised earlier, I would like to make two specific comments:

(i) It was my understanding from Mr. Raphaeli that at the OVP meeting which approved these proposals, Mr. Stern had indicated that the compensation package for staff funded from non-UNDP sources (eg. bilateral donors) could be negotiated with the donor and did not have to follow the UN salary based package. This point should be reflected explicitly in the final guidelines.

(ii) With reference to the performance evaluation procedure for these staff, the existing guidelines are not very clear. Paragraph 19 states that secondment staff in offices with formal PPR processes (which I presume includes headquarters!) will be assessed under existing systems. It is not clear to me how this will work in practice if these staff are not to be assigned grades in the Bank system and their salary structure also differs from that of regular Bank staff. I would recommend that this point be clarified before the new system is put into practice.

cc: Messrs. Hume o/r, Montfort o/r, Dosik, Bates, Kalim (EGY)

November 21, 1986

Mr. Abdul Ferroukhi

Congo and Gabon Energy Assessments

Abdul -

Welcome back! Trust you had a good trip to Gabon and Algeria. Sorry to have missed you before my departure. Just a couple of things that I need to pass on to you.

First, regarding Congo. Naïem Sherbiny called me. They want to get some of the background material on petroleum exploration. I told him that you would call him early next week and provide him with what information we have. I also told him that if additional work was needed for their own purposes, then Guy Chamot would probably be available but that we did not have any budget left over in the Congo Assessment to provide any more of Chamot's time. Regarding the further analysis of the refinery options on Congo, I guess you should give this the highest priority upon return. Parriaud's visit has been postponed so that it will overlap with your return. There has been no more pressure from the region, but I think it is in our interest to get out a revised green cover as soon as possible and certainly before the middle of December.

Regarding Gabon, based on what I hear, everything seems to be well on track and I look forward to getting a white cover produced in record time. (I think a deadline of January 15 for a white cover is not unreasonable?) Let's try and keep this report short and punchy a la Congo as well.

Look forward to seeing you upon return in early January. In the meantime, all the best.


Masood Ahmed

cc: Ms. Perine (EGY).

November 21, 1986

Mr. Bernard Montfort

Status of Activities in Each Country/Region

East Asia

Thailand. Of the ongoing work on Thailand, the Fuelwood Supply Project is well under way and can be passed over to the Household Energy Division (HED) for supervision of the second mission in January and the subsequent preparation of the yellow cover report. The Project Working Paper which we have sent to the Government is in fact an early draft of the yellow cover report and the purpose of the January mission is to fill in any gaps remaining and to ensure that when the yellow cover is sent out and formally reviewed it meets all the expectations and concerns of the Thai counterparts. The other biomass related activity, i.e., Stoves Project Preparation Study, although running a little slower than fuelwood, is still right on track. This can be passed on to HED without any worries. The white cover has been prepared. The yellow cover should be out shortly and the mission hopefully could go out in January to discuss the green cover at the same time as the fuelwood project mission is in the field.

In terms of the work that will remain in our division, the most advanced is the Impact of Oil Prices Study. This has now been extensively discussed in the Bank, the concepts have been agreed, the pre-mission issues paper has been cleared, and effectively all that remains is to carry on with the work. The approach we agreed with Phisit and internally as well, is for us to carry out as much of the analysis before the mission as we can, given the extensive data base that exists within the Bank on Thailand's various energy sub-sectors. The purpose of the mission would be to check out the assumptions, analysis, and preliminary recommendations with counterpart officials, to fill in gaps in areas where field work was required (particularly in the electric power sector where some kind of least cost plan might need to be rerun) and to ensure that the final report, when it was sent out, would again address all the concerns of the Thais. Incidentally, this is a good strategy to propose with the Thais, i.e., to have an informal report and a discussion of those issues and recommendations at the working level prior to issuing any report formally because (a) substantively it ensures that their comments are taken into account and (b) it caters to their desire for more direct participation by the counterpart officials in the actual preparation of any activity and report.

The only question mark on this study is our own ability to carry out this work prior to a January mission, given in particular the competing need of Sierra Leone and the difficulty in mobilizing Irfan to produce a document quickly. Given the importance of Thailand it may be useful to work out a fairly detailed timetable with him on how he plans to spend time between now and the January mission and precisely what interim

deadlines he needs to set to ensure that we have some kind of report which has had sufficient degree of review within the Bank (although not as a formal document) before he goes out. Apart from Sierra Leone, there is also the conflict with his planned home leave but unless there is further slippage in Sierra Leone or the Thai report preparation takes more time than it should, all of these should be accommodated given a late January timetable for a mission.

The other two studies in Thailand are the Lignite Study on which the work is advanced in a conceptual sense. We have terms of reference, which have been extensively reviewed and there are no substantive disagreements. The one issue which needs to be resolved is of course the role of the NEA in both implementing this study and more generally in fostering lignite development. We have raised the latter issue in our draft project document; but this study is also falling into the more general undertainty affecting institutional arrangements in Thailand on which we should know more after the Nov. 20 meeting of the newly formed National Energy Policy Committee. Unless we hear from him, we should call Karl Jechoutek towards the end of this month for the outcome of this meeting. My guess is that if we don't hear from the Government on this study by mid-December then it's extremely unlikely that it will get off the ground until February or so, and even then I'm not sure what role we could play because the UNDP IPF money with which this study was to be financed was coming from CY86 savings and such savings may no longer be available in the subsequent year.

Regarding the Study on Restructuring, this is stalled until such time as Phisit can mobilize a sufficient degree of support within the National Energy Policy Committee and other agencies of the Government to ask the Bank for assistance in what's going to be a sensitive area. I don't rate the likelihood of this study going ahead in its current form as being particularly high. My guess is that if we want to resurrect this work, (and personally I think that we should because there is much that we can contribute and learn from this activity), then the way to do this would be to take on one or two areas within the entire gamut of restructuring issues in energy and to develop more low key and more diagnostic rather than descriptive approaches to these one or two areas. Specifically, I would focus on the Bangchak Refinery where there is no policy issue that needs to be agreed as the Government has already decided to sell part of the refinery to the private sector but a privatization plan needs to be prepared. I think that's where we can come in with a specific package of assistance to help them prepare such an implementation plan. This work could be financed through the Bangchak Refinery Loan. Gene McCarthy, with whom I've discussed this possibility, is quite keen to see some kind of Bank involvement and ESMAP might give the Bank the perfect vehicle for providing the assistance required to ensure that Bangchak complies with the privatization covenant in the Bank's loan. The second area that I would pick on is helping EGAT explore options for widening its equity base. The Government has asked EGAT to do this and is expecting some kind of response. However, EGAT has no real capacity to even explore the issues, which are new for EGAT as for any other utility. Again, it's an area in which we can provide

substantive, technical assistance without getting into a politically sensitive wrangle. The kind of assistance that EGAT needs is not going to be provided, I suspect, by sending them a merchant bank; rather we need a Bank team, with outside experts of course, but looking at their needs from the point of view of how they should mobilize their financing but without giving them any preconceived notions. For this study I would strongly recommend we try and hire Yun Park who is a professor at GW and an ex-bank staff member. He is extremely knowledgeable technically and, having worked in a developing country and in the Bank, I suspect he is going to come up with more realistic solutions.

In general, in the case of Thailand, I think the opportunity for continued ESMAP involvement in a number of activities is there, but I see three constraints that may stop us from realizing this opportunity. One, the internal battles between NEA, NESDB, and various other agencies both for how the energy sector is going to be coordinated and for the control within the country of ESMAP operations. It's going to be difficult for us to tread a fine balance so that we don't antagonize any of these agencies because essentially every single one of them has a veto power. I guess we will know more about this after Nov. 20 and the relative balance of power will become clearer. Second, the Bank's relationship with Thailand. This is going to be a constraint because as long as the lending program keeps dropping as it is, I don't see much support within the region for major involvement by the Bank in providing technical assistance. We can get around this, however, by reiterating at every occasion that the use of (donor funded) ESMAP provides us with a low-cost way of maintaining a presence in Thailand such that at the time at which the lending program picks up again, we have existing ties which we can quickly strengthen. This line of argument is going to be received quite sympathetically by Programs and Projects although I think we have to be careful that we don't have a very large ongoing portfolio at any one time because then the issue arises as to what is the minimum level required to maintain an ongoing presence. The third constraint is funding. So far we have not been very effective in mobilizing non-Bank, non-core funds for ESMAP activities in Thailand. The EEC which had agreed to fund one of these activities has now backed out in the sense that it wants to put this under the umbrella of the overall EEC ESMAP agreement. The main sources of earmarked funding for preinvestment work are (1) Japan which has its own special problem; and (2) Australia, for whom Thailand is an important bid target. The difficulty is that Australia has earmarked, unofficially, only one ESMAP activity per year and the amounts involved are unlikely to be very large. Also the mobilization costs associated with Australia funding have tended to be high.

In terms of the personalities involved, Ikram (Programs Division Chief) is neutral. He doesn't have much interest in Thailand himself but if we wish to provide non-Bank resources to carry out work in Thailand he's not going to stop us. He is however, going to stop us if he sees the work as being useless. He has strong and sensible views on what does and doesn't make sense and if we do something which doesn't make particular sense in the context of Thailand he'll be ready to point this out. On the Projects side, Yves Albouy is the person that we have to

work around to our point of view. He is generally sympathetic to ESMAP involvement although (after the recent experience) he thinks we may rush off and hamper their relationship with EGAT which is fragile at the best of times. If we want to get into the restructuring area then it's essential that we carry Yves with us, in particular on the EGAT side. Needless to say, Oktay Yenil is not overly supportive of this work.

Korea. The only ongoing piece of work we have in Korea is the LNG Utilization Study and that's not really ongoing because there remain considerable anxieties among Gene's staff as to how this kind of study is likely to be received and whether this could be counterproductive to the furthering of our extremely tentative lending dialogue. Given that the main object of this study is to further the Koreans receptivity to a Bank loan, I would suggest that we embark on it only if we have an internal consensus that carrying it out would indeed serve that purpose. My own guess is that the likelihood of such a consensus being achieved in the near future is slim and if that's the case then I suggest that we just put a freeze on the study and wait until such time as circumstances improve. I do see an ESMAP role in providing specific preinvestment assistance but the constraint which we have to overcome is going to be one of mobilizing earmarked funds for work in Korea. The main source of this is likely to be Japan and that has all the attendant difficulties.

Papua New Guinea and South Pacific

We have no ongoing activities in Papua New Guinea and I don't expect that this will be a big focus of our work. In terms of the South Pacific we still have a commitment to provide to them the outcome of this computer model on the petroleum supply study. Zia Mian is supposed to be working out with his consultants a revised version of this report which will serve as a document that we can either put out as an Energy Department Note or send out to the countries. This should be done by the end of this week. Once we have met this requirement my own suggestion, based on the experience of work that we've had, is that we should try and stay away until such time that we have a very clear task to do and a clear mandate to do it with. If we do attempt to carry out further work in South Pacific I think it's important that we recognize that we will have to overcome the hostility that has been generated by the previous exercise and its staffing.

EMENA

The two active countries I have in EMENA are Syria and YAR.

Syria. On Syria we have a pretty full program for the next year. The Cement Industry Energy Efficiency Study is just starting. I don't expect any difficulty with this. We will know more when Jivat returns at the end of the month. (Please note that we are using Swiss consultants for a very large contract on this study which should have the side benefit of improving our climate with the Swiss for subsequent ESMAP contributions.) The next study which is in the pipeline is the Fertilizer Industry Energy Efficiency Study. Jivat has taken out a draft

project document for discussion with the Syrians at the working level. This project document has already been reviewed and discussed extensively within the Bank. If things go according to plan, I expect this second study to be initiated in early CY87 and to be implemented over the course of that year. This, too, is going to be quite a large project in the quarter million dollar range. Both of the studies are being funded by UNDP IPF's and, if we play our cards right, we should continue to get IPF support for our program in Syria for the years to come. The Power Efficiency Mission which is the third IPF funded study is also under way. Assuming the mission goes well in the field and Nickson in particular is able to carry the responsibilities of mission leadership, then we should get a good product out of this particular activity and in fact a project which could well serve as a basis for reentry by the Bank into power sector lending in Syria.

All in all I would rate Syria very highly in terms of our resource allocation priorities but I have only one concern and that is the political climate in terms of the relationship between Syria and the rest of the world. This is already beginning to affect the Bank's involvement in Syria and if things deteriorate much further this could well prove to be a constraint on the amount of the activity that ESMAP can carry out in Syria, both in terms of what the Bank will allow and in terms of what we can mobilize funding for. If such a deterioration climate takes place my suggestion would be to slow down the implementation of our existing work so that we can maintain a presence through the next two years and at the same time ensure that we can pick up on new ideas that are likely to develop. In terms of the work for Dick's shop, the Household Energy Strategy work can be picked up if we want to. Again I suspect we will be able to mobilize UNDP funding for it but it will require, I think, more effort within the Bank in trying to convince the EMENA region that we have an important contribution to make in the Household Energy area in Syria. There is also additional work to be done in Syria on the Sector Strategy side, particularly relating to petroleum and refining. The question mark there is the relationship between the Projects Division (Gene McCarthy's Division) and the Syrians and the concern that Gene McCarthy's people have that any further sector work might bring up issues that could slow down the processing of their projects. If we can overcome this, and I think it can be done if we put someone like Megateli on it, we should be able to develop both strategy and preinvestment work in the oil and gas area and particularly in refining. Incidentally, the FY87 cost allocation includes some staffweeks for Syria. In terms of personalities, Karen Rasmussen, the loan officer is an ally and will respond quickly and favorably to any request that we make. Jim Chaffey is a difficult personality but his main interest is on Turkey where the Bank's involvement is obviously much greater. Consequently, he generally tends to leave Syrian matters to Karen. On the Project side, Alastair Mckechnie has been quite reasonable about Syria so far. The direct responsibility for Syria is now assigned, I understand, to Vedavalli who is likely to be a more difficult person to deal with but as long as we have a good substantive case, we can rely on Programs to help us overcome any internal obstacles.

YAR. In Yemen we have considerable scope for strategy work mainly because Philippe Nouvel would like to have an alternative view of the country's macroeconomic prospects which are directly affected by recent oil and gas discoveries. This years Energy Investment Options Study has been a big success within the Bank and has helped to improve our credibility in the region enormously. We shall see early next week how this work has been received by the Government as well, but I suspect that they, too, will find it useful. We should keep Dale working on Yemen for about another year, although this will not be a very intensive effort. The continuity will ensure that any periodic request for assistance or review that come from the Programs Division are responded to effectively and at relatively low cost. Huda's presence in the Programs Division is also a plus in the sense that she knows our work, but it does mean that we'll have to spend a little more time in dealing with her concerns and her own ideas. Dale may need a little help in this because he and Huda don't have the perfect relationship. On the Projects side, there is not much involvement in YAR by Reekie's Division and to the extent that there is, it is very much electric power and project oriented. So we are unlikely to face real competition in carrying out further strategic work of the kind that we have developed this year.

In contrast, I anticipate more difficulties in developing an ESMAP program in YAR. The main investment opportunities are in petroleum and all the preinvestment work for this is being taken care of as part of the Bank's technical assistance project which has also got some Dutch and grant financing, so our comparative advantage there is small. On the electric power side, once Reekie's shop gets its act together vis-a-vis the Yemenis, we could see a need for preinvestment assistance on the ESMAP side, but for other reasons I suspect that this assistance will be provided either from a PPF or from the regional ESMAP that is being developed in EMENA. The Household Energy Study which is the outgrowth of the photovoltaic work is likely to run into continuous nagging, mainly because household energy issues are not seen as a major priority by the region and the best we can hope to get there is acquiescence rather than support.

Of the other countries in the region, I'm not overly optimistic about the possibility of embarking on any major program in Egypt. My guess is that the region's strategy will be to keep everything on hold until they have a favorable environment and as soon as country conditions allow a stepping up of Bank involvement, Egypt will become a major priority for the region itself and they are likely to go in using their own resources and managing the staff themselves. Unless the personalities change, my guess is that in EMENA we will have to stick to a few countries where we have a clearly demonstrated advantage and which are not seen as central concerns for the region at this time, although I think we should attempt to broaden that group of countries to include certainly Tunisia, and also Jordan where very little work is being done.

West Africa

In West Africa the problem that we face is not one of a shortage of work but rather the danger of spreading ourselves too thin by attempting to do too many activities in too many countries at one time. This problem is already beginning to show up in the delays in completion of ongoing work. Given the sensitivity of the region to the fact that the rest of the world is more attractive, any delays or other kinds of neglect in the execution of work in West Africa are likely to raise hackles more strongly than in other regions. Francois, in particular, feels very strongly about this.

Ghana. The Ghana work program is quite large for the coming year and can be maintained at that level well into the next year. The assessment is now printed in Blue Cover, and of the various follow-up activities Wood Industry Efficiency is well in hand and we should in fact be able to produce a report of immediate operational relevance fairly quickly. Of the work that stays in our division, Industrial Energy Efficiency is ready to start, although we will have to overcome some parochial objections from the Industry Division in West Africa. Phase I of this activity is funded under CAM (12 SW) and focuses primarily on the identification of constraints preventing the adoption of more energy efficient processes in plants. This should then ensure that any preinvestment work done in Phase II for which Canadian funding is likely to be made available is well directed towards addressing the constraints that people actually face rather than our own perception of the preinvestment needs required for embarking on an energy efficiency improvement program. Uwe is now well briefed on this activity and we are proposing a two person (Richter and consultant) mission in December, with the Phase I report being produced in April 1987. We also have a draft AIB for an ESMAP activity looking at the market for LPG and the infrastructure and investment requirements to exploit this market. However, I'm not satisfied with the current draft AIB because it appears to rely on the assumption that up to 30 or 40 thousand tons of LPG will be made available from a conversion of the refinery and it's not at all clear that such a conversion project will in fact take place in the foreseeable future. Uwe is establishing this with Magdi's division. Subject to a favorable outcome on clearing this up we should be able to proceed with the LPG activity, again with likely Canadian support. For next year, one activity which is already on the cards is the provision of support to the Government for the preparation of an energy sector donors meeting. This meeting is likely to take place toward the end of CY87 and ESMAP support for it has already been requested by the Government and Programs have no objections. If we do embark on such an activity it would clearly require a lot of interaction with WAPEG, EGYD2, and Programs.

In short, in Ghana we can carry out a fairly large program. We have about C\$600,000 available for ESMAP work, of which only about C\$175,000 or so have been allocated to the Sawmill Residue Study. We have a strong government interest for broad-based ESMAP involvement and a degree of credibility on energy sector issues in the country which has been built

up through the work on the assessment and preliminary work on the Sawmill Residue Study. And we have a large volume of Bank involvement in Ghana which provides a positive framework for ESMAP support in the region. Two things that we have to be careful about are first, that we manage to stay within our allocated budget in Ghana. Our record on this has been poor. Secondly, we have to ensure that we put our best foot forward in terms of the quality of our proposal and the seniority of our staff. Ghana is one of the countries which attracts a lot of talent from both within the region and without, and if we are to have a major share of the action, we must be able to demonstrate our competitiveness on a regular basis.

Sierra Leone. In principle, there is no reason why the assessment in Sierra Leone should not be followed by a wide range of ESMAP activities. In practice, however, our prospects for embarking on such a program have been significantly damaged by the inordinate delays in the production of the assessment itself. In my view, because of the impact this has had on our credibility, we will face an uphill battle in trying to get regional agreement for either additional sector work or indeed for ESMAP preinvestment work. I think the way to overcome this is to lie low until we have a yellow cover, which hopefully will be within the next week. To make sure that this yellow cover is a decent piece of work which I expect it will be. To make a clean breast of the fact that we have been slow in producing it with both Programs and Projects and then to see if we can't put this experience behind us in trying to develop a feasible follow-up program. To start this follow-up program it would be useful if we could identify some funding for the immediate tasks and I think we will also need to be fairly flexible initially in terms of accommodating the priorities for follow-up work that the region defines. It may also be useful for presentational purposes if Ferroukhi or yourself were seen to be associated with the follow-up phase so as to convey the right impression about the seriousness with which we take this work and the fact that we will make due efforts to ensure proper delivery of future work. I have already talked to Bauer about Sierra Leone and the groundwork for rehabilitation has been laid to some extent.

Guinea. The assessment report for Guinea is now complete and awaiting regional clearance for blue cover printing. There are a variety of follow-up activities identified in the report, some of which could indeed be taken up by ESMAP. The main constraint to exploiting these opportunities is the deteriorating overall relationship between the Bank and the Guineans. The precise nature of this relationship is difficult to ascertain but as far as I can make out, it has not deteriorated to the point of no return. The second problem of course is that the staff involved in the preparation of the assessment have all either left or are not part of the division. My strategy for Guinea would be to assign this to one of the French speaking staff that are coming on board, to have a low key presence over the next three or four months until things clear up within the Bank; but once a more positive Bank country dialogue begins to get under way, to come in with specific proposals for follow-up activities and with funding either from France or Belgium (EEC), or the Canadians.

Congo. Congo is a good example of the effect that too many competing priorities on staff time have had on the timeliness of report delivery. We have a yellow cover which needs some changes (about one week's time). This has been sitting around for a month because Ferroukhi and Perine are both busy on Gabon. My proposal would be for them to attend immediately to the Congo upon return from the Gabon mission, and get a green cover out of the way before starting with the drafting of the Gabon report. There are a number of follow-up activities in Congo including support to a Structured Adjustment Credit. I think we can exploit all of these but we need to clarify in this context whether or not Ferroukhi is going to be part of the division's core staff. If he is not, then I think it is important that we assign the responsibility for following up on Congo to someone to share with Lori. The current arrangement, while fine for carrying out one self-contained large piece of work, is not the optimum one for ensuring that we follow through with the development of an ESMAP program with the kind of aggressiveness and persistence that we need to show.

Gabon. Based on the aide-memoire left in the field, it seems to me that the preparation of the Gabon Assessment should be a relatively straightforward task. The important thing here will be to lock Ferroukhi and Perine up in a room with their consultants so that they produce the Gabon report within the time that is stipulated, and the relatively limited resources available for post mission drafting. We also have some staffweeks allocated for support to a Structure Adjustment Credit in the Gabon. Again, before providing any support to the Structure Adjustment Loan we should make sure that the preparation of the assessment report itself is well in hand.

Other Countries. On the other countries in West Africa the status of ongoing work is no different from that recorded in the last quarterly status report. For your information I had a chat with Francois on the priorities for our work in West Africa and he suggested that for the next year, from the region's point of view, ESMAP involvement in four countries would be particularly important. These were Nigeria, Ghana, Guinea, and Sierra Leone. He suggested that for these countries there were both technical assistance needs that were a high priority and a shortage of other vehicles for providing such assistance. In Nigeria in particular, he was very keen to see us provide some kind of assistance to NEPA. Ted Moore has spoken to Al Gulstone and Robin Broadfield by phone from Lagos and I have asked Al to work up a proposal for assistance which we could then explore with donors for funding.

Other Pending Items

UNDP Budget Tracking System. Although we have had a number of meetings on this recently, I'm afraid that progress remains slow. At a meeting we held a week ago with all the budget assistants except Susanna, who for some reason was unable to attend, it was decided that historical recording of data should proceed with Raquel being responsible for the input and verification of all data up to the end of FY85, and with Margaret and Susanna inputting the data for their respective divisions

since July 1, 1985. Since that meeting Margaret has begun to get the data together that she is to input. I'm not sure of the status of this work for Susanna. However, Raquel has gone into hospital with a slipped disk, and may be out for some time. I understand that she has also expressed some dissatisfaction about being asked to put in all the historical data through end FY85 because apparently Ian Hume had asked her to put in only the donor information and not the expenditure data for the historical period. To my mind, the allocation that we agreed at the meeting remains the most sensible because pre-FY85 data is kept with Raquel who was responsible for its initial entry and who is most familiar with the material. Since the beginning of FY85, Raquel's involvement in the budgeting of the two new divisions has been much more restricted and this data can best be put in by Margaret and Susanna. Ian will be back next week and we could seek his agreement to modify Raquel's terms of reference if her interpretation of the original terms of reference is indeed correct. In any event, her being in hospital may put paid to the idea of historical data input for some time. This does not bother me so much because the important thing is to get this year's data in first and to ensure that in this process we identify any bugs in the system design that need to be corrected for its future operation.

A related personality matter is that both Edith Nemitz and Medhi Roustayi appear to be under the impression that they have been given an exclusive mandate for organizing the subsequent design of this system. They have both called me complaining about the other and I have asked them to clarify with Ian who is to be in charge because at the moment both feel that they have been given charge but that the other is interfering.

Finally, there is one conceptual issue that has been raised regarding the design of the system and in particular, of the point at which expenditures are tagged to a particular donor. Robin can explain this to you and also convey to you the solution that we propose for overcoming this design problem.

CY86 Financial Status. The exercise that we started two weeks ago to establish what funds would be available for carrying over into CY87 is still awaiting the provision of accurate CY86 expense data from EGYS2. After considerable prodding, I have now received a table which purports to show these expenditures but even without being very familiar with their work program, I can spot a number of inaccuracies. I have spoken to Susanna about them and she is now trying to establish what the correct figures are. Her current table shows approximately \$1.2 million to be carried over into next year but I'm not sure that this number has any meaning because it both includes funds which I know have not been received and it includes expenditures which are being double counted. It seems to me that the first step in clarifying this picture is to sit down with Susanna and get better numbers for EGYS2.

Regarding the new project documents, Chris is now working on revising his original drafts in the light of comments from Tom Cox and others last week. We have agreed that all three documents should be

ready for signature by the middle of December. There is no reason whatsoever why this deadline cannot be met. Although we will need to make sure that Chris does not get carried away in doing more work than is required for the purposes of these documents.

Annual Report. Zia is preparing the first draft of the annual report which should be ready before Thanksgiving. Ian will be leaving just after Thanksgiving, so it's important that we get his comments on the first draft before he goes with a view to having a final version of the report by the end of the year. Regarding the brochure, I've given Maryellen detailed comments on her first draft, which I think is too close to the annual report concept to be marketed separately. She is now preparing a revised document and should have one for you by the time you return.

Office Move. In discussion with Dick, Jo, Angelica, Robin, etc., we have worked out a schedule for office moves which appears to be broadly satisfactory. We have obtained access to the extra rooms so that the division now extends from your old office through to Robert van der Plas'. I have sent a note to Steve Weissman informing him that we are using these offices which Sandy O'Leary explained to me would not be occupied until next March at the earliest. Given the uncertainty, next March is long enough away for us to make good use of them in the interim. The extra rooms have made it a bit easier to accommodate researchers but one person who is unhappy about the new arrangement is Maryellen who would like to know what the procedure is by which rooms are allocated amongst researchers and consultants on the one hand and herself and Margaret on the other. I had offered her either to stay in her existing office or to move to the large office next to where Jochen is going to be and to share that with one other person or by herself but keeping some of the boxes stored in there. She is not particularly happy with these options. She says she's flexible but wants to know why offices are being allocated to consultants and researchers who came in after her before they are to her. I told her to have a discussion with you about this when you return as I did not wish to make commitments to her which you and Robin would then have to honor.

AER's. Finally, I have done notes for AER's based on the first six months performance of the staff who have been working most directly with me. A copy of these notes is attached. No other copies exist so if you are to use them they will have to be retyped.

Otherwise, I am sure I have forgotten things which I should not have, but Holly has my number in France where I can be reached until Dec. 20 if you have any questions for me. After that I will be in Karachi, where I am equally accessible. Otherwise, I should look forward to seeing you in mid-January. Once again, thanks for everything and the best of luck.

Masood Ahmed

Zia Katim

I spoke to Bernard today.
He would like Tom Cox to
call M. Joo in France on
Monday to agree on the
administrative procedures
for getting the French
contributions transferred.
If he doesn't have Joo's
number he should try to get it
from the British Peace Office.
But thinks it's essential that
we get Joo while the
subject is fresh in his mind.
Mason.

Typewriter
Character
Must Full
Completely
Box

PAGE

ORIGINAL USE ONLY
APPROPRIATE

MESSAGE SUBJECT

TEST SUBJECT
MESSAGE SUBJECT

1

1

EGYS1

ROBERT CROWN, DEPUTY CHIEF WAPAA, INTBAFRAD, ARIDJAN, COTE
D'IVOIRE. RE GUINEA ENERGY ASSESSMENT AND YR TLX OF NOV. 14.
BLUE COVER IN PRINT SHOP; WILL SEND YOU AS SOON AS COPIES
AVAILABLE. REGARDS, MASOOD AHMED, ACTING DIVISION CHIEF, ENERGY
STRATEGY AND PREINVESTMENT DIVISION I, ENERGY DEPARTMENT,
INTBAFRAD.

END
OF
TEXT

PINK AREA TO BE LEFT BLANK AT ALL TIMES

INFORMATION BELOW NOT TO BE TRANSMITTED

CLASS OF SERVICE	Telex	TELEX NO.	28132	DATE	11/19/86	
SUBJECT	Guinea Energy Assessment		DICTATED BY	M. Ahmed:ha	EXTENSION	74219
CLEARANCES AND COPY DISTRIBUTION			AUTHORIZED BY (Name and Signature)			
cc: Mr. Decaux (o/r), EGYP			Mr. Ahmed, Acting Division Chief, EGYS1			
			DISPATCHMENT			
			Energy			
SECTION BELOW FOR USE OF CABLE SECTION						
CHECKED FOR DISPATCH						

November 17, 1986

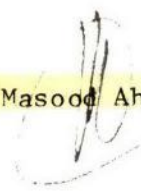
Mr. Zia Kalim

ESMAP Investment Follow-up

Zia -

As you know, we had asked the staff in both ESMAP divisions to list, to the best of their knowledge, the status of implementation of the completed ESMAP activities for which they were responsible. Their responses have now been put together and are attached for your consideration. While these data are necessarily incomplete, they should prove a useful starting point for establishing our overall state of knowledge on the important follow-up phase of ESMAP. They should also be a useful input for the "follow-up" section of the 1987 Annual Report.

I believe that Robin is sending you a similar set of responses for EGYS2 staff. Please call if you have any queries.


Masood Ahmed

Attachment

cc: Messrs. Hume, Bates, Montfort o/r, Dosik (EGY).

November 12, 1986

Mr. Ian Hume

FY87 Budget/Work Program

Ian -

As agreed please find below the list of tasks that would be deleted/deferred from our FY87 Bank Work Program to achieve a 10% reduction in total resource requirements. Since we have actually been allocated only 90% of our original resource requirements, in effect this list of tasks is what we would drop if we do not receive any additional resources. Non-Bank funded ESMAP tasks are not included in this analysis.

<u>Task</u>	<u>Original Budget</u>	<u>Proposed Change + SW</u>	<u>Comments</u>
<u>EGYSI Managed</u>			
Algeria Assessment	20	-20 SW	deferred to FY88
Egypt Gas Strategy	6	-6 SW	Govt commitment and timing uncertain
Laos Assessment	8	-8 SW	Govt commitment uncertain
Chad Assessment	5	-5 SW	deferred to FY88
Gabon Assessment	42	-17 SW	scope reduced at Programs' request
Ghana Sector Work	4	-2 SW	
Ghana Assessment	0	+3.5 SW	
<u>Support to Others</u>			
Guinea Energy Strategy/CG	6	-6 SW	
YAR Plan Prep	3	-3 SW	
Indonesia CEM	0	+2 SW	
Congo SAL	0	+10 SW	
Gabon SAL	0	+5 SW	
Total Net Change		46.5 SW	
Total FY87 Work Program		487.2 SW	
Proposed reduction as % of total Work Program		9.5%	

Please call if you have any queries.


Bernard Montfort

cc: Mr. Dosik

November 12, 1986

Mrs. Edith Nemitz


Excessive Official Travel

Edith -

I have received your memo of Oct. 31 to Mr. Churchill on this subject. We shall certainly take action to reduce excessive staff travel whenever possible.

In the interim, could you please correct your records relating to the staffing of the two ESMAP divisions. Two of the five staff members you show against EGYS1 (Armar and Gulstone) in fact are part of EGYS2 and Mr. Grut has returned to East Africa.

Thanks.


Masood Ahmed

OFFICE MEMORANDUM

DATE: November 11, 1986

TO: Distribution

FROM: Masood Ahmed, Deputy Division Chief, EGYS1

EXT: 74219



SUBJECT: ESMAP: Computerized Budget System

A meeting on the above subject has been arranged for Friday Nov. 14, at 10:00 in Room D-658, at which Valerie King's assistant Ms. Donna Dorula will attend, due to Ms. King's illness. The purpose of this meeting is to identify the preparatory work required to bring the new system into operation. We should also agree upon the allocation of responsibilities and timetable for completing this preparatory work. Please let Holly Mensing (ext. 74219) know if this is not a convenient time for you to attend.

" Distribution

Messrs. Kalim, Poncia (EGY); Roustayi (EISVP).

Mesdames Nemitz, Pope, Owen, Walsh, Hristodoulakis (EGY).

cc: Messrs. Hume, Montfort, Dosik, Bates, Terrado (EGY).
Mesdames Valerie King, Donna Dorula.

MAhmed:hm

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

November 7, 1986

Institut de Francais
23 Av. General-Leclerc
06230 Villefranche-S-Mer
FRANCE

Dear Sir/Madam:

Enclosed please find my application for the 4-week session of Nov. 24 - Dec. 19, 1986. A telex for the amount of 10,500 francs, to cover the cost of the course, was sent today from The World Bank in Washington, D.C. My accommodation, a private studio apartment, was booked with Elizabeth on October 29.

Thank you for your assistance. I look forward to attending the course.

Yours sincerely,



Masood Ahmed
Deputy Division Chief
Energy Strategy and
Preinvestment Division I
Energy Department

Enclosure

sent DHL

11/7/86

10,500 FRs

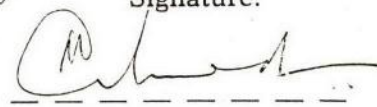
telexed 11/7/86

per Cybele
ext. 61649

APPLICATION FORM (Please print)

Name AHMED First Name MASOOD
(Mr/Mrs/Miss) The World Bank, [Energy Department]
Address 1818 H St. NW, Washington DC (202) 477-4219
Age 33 Nationality Pakistani
Profession Economist Mother Tongue Urdu
Schools attended Secondary Schools in Pakistan; London School of Economics
Degrees and Majors M.Sc. Economics
Years of French 3 High school 1 at Work 2 University 2
Some speaking knowledge ☒ Yes ☐ No
Course level estimated: beginner ☐ interm ☒ advanced ☐
Other languages learned Fluent in English
With accommodation ☒ Without accommodation ☐
Individual room ☐ Double room ☐
Private studio apartment ☒
I wish to enroll for: 4-week course ☒ 8-week course ☐
beginning on Nov 24, 1986 ending on Dec 19, 1986
Date of arrival Nov 23 by Train (means of transport)
How did you hear about our school? Brought World Bank Language Training Division
Your reason for learning French? Required for Work

Signature:



✂ —————
PLEASE NOTE ■ For your own convenience and a speedy processing, we recommend that you use Traveler Checks, Eurochecks or cash for all payments.

■ If you wish to make a bank transfer, please use the following account:

EUROPÉENNE DE BANQUE
37, boulevard Dubouchage
06000 NICE - France
N° de compte : 0126.076.0101
INSTITUT DE FRANÇAIS

INSTITUT DE FRANÇAIS

23, AVENUE GENERAL-LECLERC
06230 VILLEFRANCHE-SUR-MER - FRANCE
Tel. (93) 0188.44 Telex 970 989

INSTITUT DE FRANÇAIS

VILLEFRANCHE-SUR-MER - FRANCE

COURSE CALENDAR 1986

4-week and 8-week sessions

Jan 6 - Jan 31, 1986	June 30 - July 25
Feb 3 - Feb 28	Aug 4 - Aug 29
March 3 - March 28	Sept 1 - Sept 26
April 1 - April 25	Sept 29 - Oct 24
May 5 - May 30	Oct 27 - Nov 21
June 2 - June 27	Nov 24 - Dec 19

The day of arrival and moving in is the starting date indicated above. The day of departure and moving out is, after school, on the end date indicated above. The school is closed on weekends and on all French legal holidays.

The 8-week session consists of two consecutive 4-week sessions. After 4 weeks, a student may, if it is possible, remain for another 4-week session. It is possible for a non-beginner to enroll for only 2 weeks provided the session is not full (in the winter months) and provided he or she starts at the beginning of the session.

FEES (subject to change without notice, include the Value Added Tax of 18.60%)

The **4-week course fee** including 160 hours' tuition, breakfast, lunch and tea on class days and excursion is: (the 8-week fee is double)

<u>Dec '85 - March '86</u>	<u>April - Dec '86</u>
9 500 Frs	10 500 Frs

The **4-week accommodation fee** in the Institut's apartments (if desired) including an equipped kitchen, linen, weekly cleaning, gas and electricity is

- for a shared double room:	1 200 Frs	1 400 Frs
- for an individual room :	2 100 Frs	2 300 Frs
- for a private studio apt. :	3 500 Frs	3 900 Frs

There is a registration fee of 300 Frs. A lodging deposit of 500 Frs is requested only on arrival and is refunded when student returns key.

An advance payment of half the course fee is required with the application form. A refund is possible if cancellation is received 15 days before course starts. The balance of the course fee is payable on arrival.

The minimum age acceptable is 21. The maximum age is 70.

Note : The school reserves the right to refuse or expel anyone because of behaviour or non-compliance with the school's rules.



Record Removal Notice

File Title Masood Ahmed - Chronological File - October to December 1986		Barcode No. 30450193		
Document Date November 6, 1986	Document Type Forms			
Correspondents / Participants Masood Ahmed				
Subject / Title Operational Travel Request and Contractual Services/Miscellaneous Expense Commitment				
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 10, 2022</td></tr></table>	Withdrawn by Shiri Alon	Date November 10, 2022
Withdrawn by Shiri Alon	Date November 10, 2022			

THE WORLD BANK/IFC
REQUEST FOR PAYMENT OF PROFESSIONAL/CONTRACTUAL SERVICES
AND MISCELLANEOUS EXPENSES

(Submit this form to Administrative Expense Division, Room I 4-143)
(Please Type or Print)

Please note that failure to complete this form could result in delay of payment.

COMPLETE ONLY ONE SECTION DEPENDING ON THE TYPE OF CONTRACT

FOR CONTRACTS WITH FIRMS/VENDORS		FOR CONTRACTS WITH INDIVIDUAL PERSONS	
NAME OF FIRM/VENDOR: Institut de Francais	I.D. NO.: 007895	CONTRACTOR/CONSULTANT'S NAME:	I.D. NO.:
INVOICE NO.: (If available - Please attach)	INVOICE DATE:	NATIONALITY:	SOCIAL SECURITY NO.: (US Nationals)

GENERAL INFORMATION

CHARGE TO: (Dept. No./Div. No.) 352/50	FOR CONSULTANT FEES ONLY Is this an initial payment for the noted Commitment Number? Yes <input type="checkbox"/> No <input type="checkbox"/> (If yes, attach copy of appointment letter) Is this the final payment for the noted Commitment Number? Yes <input type="checkbox"/> No <input type="checkbox"/>	
COMMITMENT NO.: K16523		
ADDRESS: Villefranche-sur-Mer France	CERTIFICATION I certify that I worked on the assignment with the Bank/IFC during the below stated period(s) and that I have not received and will not claim reimbursement for this assignment from any other source.	
	CONSULTANT'S SIGNATURE:	DATE:

COMMENTS, DESCRIPTION OF LUMP SUM CONTRACTS AND OF TERMS, NATURE OF SERVICE:

French Course at Institut de Francais
 Nov. 24 - Dec. 19, 1986

SERVICES RENDERED FOR PERIOD: (Individual contractors, consultants, and consultant firms must complete this section)

From	To	No. of Hrs./ Days Claimed	At Agreed Rate of	Per	Amount

ADJUSTMENTS: (Payment may be delayed if travel advances have not been settled. Form No. 8, Statement of Expenses, must be submitted).

EXPENSES

Travel Period: Nov. 24 - Dec. 19, 1986

Travel Request No.: _____

LESS ADJUSTMENTS

Travel Advance _____ \$
 Accounts Receivable _____
 Advance against
 research expenses _____ \$

TOTAL AMOUNT DUE PAYEE:

\$

PAYMENT INSTRUCTIONS:

☐ Deposit check to the account listed below:

Name of Bank: _____

Account No.: _____

Address: _____

☒ *Telex*
☒ *Mail* check to the above address.

ASAP

FOR ACT USE

Expense Assistant:

DEPARTMENT/DIVISION APPROVAL

I certify that this fee claim conforms to all terms of the contract and is covered by sufficient committed funds.

TYPE/PRINT NAME AND TITLE: Bernard Montfort, Div. Chief, EGYS1	SIGNATURE: 	ROOM NO.: D-629	DATE: 11/7/86
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November 6, 1986

Mr. Bernard Montfort

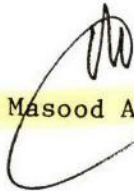
Laos: Energy Assessment

Bernard -

1. I spoke to Ms. Di Tullio, the loan officer, to ascertain the status and next steps on this task for which 5 SW have been allocated in FY87 with the bulk of the work envisaged for FY88. A letter explaining scope, objectives, etc., of the assessment was hand carried to the Government in the summer. No response has been received. And, the power project preappraisal mission scheduled for this month is being postponed at the government's request.

2. We agreed that the best course of action would be for Ms. Di Tullio to raise the subject during her next mission (scheduled for January 1987) at which she could ask the Government whether, having had a few months to ponder this subject, they wish to proceed or to drop the idea. I told her we were quite relaxed about dropping it if there was no real government interest/commitment.

3. We should call her again in February. In the meantime it is on hold.



Masood Ahmed

November 3, 1986

Mr. Richard Dosik

Project Documents and Budget Proposal


Dick -

Thanks for your note of October 31.

I agree that there is a certain element of cosmetics and arbitrariness in the proposed restructuring of project documents. However, I am not sure that the distinction between fixed-term staff and consultants/researchers is entirely baseless. In practice, our long-term consultants and researchers do spend nearly all of their time working on specific ESMAP activities and are less involved in program management per se. I also believe that their different contractual arrangements--shorter length of contract, etc.--reflect their different expectations of permanence of their association with ESMAP.

Finally, I don't think we should underestimate the importance of the cosmetic effect. UNDP, at least, seemed terribly enthusiastic about the proposed structure when we discussed it with them last Thursday.

Nevertheless, I am not wedded to this proposal and would be happy to consider any alternative formulations that you think might be more effective in raising additional funds while meeting UNDP's administrative requirements. My only suggestion is that we should agree soon on some formulation so that the process of project document drafting and clearance can be completed by year end.



Masood Ahmed

cc: Messrs. Hume, Montfort, Kalim, Poncia (EGY).

ESMAP

Outline of 1987 Annual Report

I. Post Paris Developments

- External Environment
 - oil price fall
 - renewed growth of energy demand
 - increased complexity of decision making and coping with short-term
- Internal Response
 - consolidation and focus on few product lines
 - reorganization to mirror this change of emphasis
 - new funding arrangements: increased role of Bank and UNDP in bearing core staff costs; better budgeting/accounting system
 - focus on follow-up investments

II. ESMAP Program Proposals for 1987-89

- Household Energy Programs
 - sub-product lines and their justification
 - scope of work, numbers and types of activities proposed in 1987 and beyond
 - selected county examples of ongoing work
- Energy Efficiency Program
 - sub-product lines and their justification
 - scope of work and numbers of activities in 1987 and beyond
 - selected country examples of ongoing work

III. Follow-up Investments

- summary of recent efforts to acquire data on this
- role of donors in providing feedback
- proposed role of ESMAP in catalyzing follow-up investments and in monitoring supervision of these investment projects

IV. Other Issues

- Human resource development plus potential ESMAP role
- Evaluation of ESMAP: costs, benefits, and timing

V. Funding Requirements and Arrangements

- core and operational cost concepts
- core and operational funding requirements
- proposed contribution of Bank/UNDP
- requirements for donor support in
 - household energy
 - energy efficiency

OFFICE MEMORANDUM

DATE: November 3, 1986

TO: Distribution

FROM: Masood Ahmed, Deputy Division Chief, EGYS1

EXT: 74219

(N)

SUBJECT: ESMAP: Aide Memoire Regarding Visit of Thai Delegation

1. You will have received a copy of the agreed aide memoire recording the discussions held on October 14 in Washington with Dr. Phisit and other NESDB officials on ESMAP operations in Thailand.
2. Attached for your information is a letter from NESDB asking for a minor amendment to be made to that aide memoire before it receives wider distribution. I would be grateful if you could make the noted changes in pen-and-ink on your copy of this document.
3. Please call me if you have any queries.

Attachment

Distribution

Messrs. Yenai (AENVP); Ikram, Kikuchi, Bonnel (AEAKO);
Nayyar, Albouy (AEPEN);
Onorato (LEGVP); Kaji (AEADR); Turnham (AEPDR);
Warren, Flannery (IND);
Churchill, Hume, Bourcier, Montfort, McCarthy, Saunders,
Kalim, Daffern, Borthwick, Aleem (EGY);
Jechoutek (RMB).

Ms. Shum (EGY).

MAhmed:dah

log 3438
OCT. 30 REC'D

cc: Gkram
Montfort
Ahmed

**National Economic and Social Development Board
Bangkok, Thailand.**

22 October 1986

Dear Mr. Hume,

Dr. Phisit has asked me to write to you concerning a small alteration in the Aide Memoire between WB and NESDB officials. The sentence "Dr. Phisit has been asked to be the Secretary to this committee" should read "Dr. Snoh has been asked to be the Secretary to this committee with Dr. Phisit as the Assistant Secretary".

For your information, the Committee was appointed on 16 October and consists of the following:

1. Prime Minister	Chairman
2-6. Five Deputy Prime Ministers	member
7. Minister of Interior	member
8. Minister of Finance	member
9. Minister of Science, Technology and Energy	member
10. Minister of Commerce	member
11. Minister of Industry	member
12. Minister of Agriculture	member
13. Minister of Communication	member
14. Minister of Foreign Affairs	member
15. Minister Suli Mahasandhana	member
16. Minister Chirayu Israngkura	member
17. Minister Meechai Rachuphan	member
18. Secretary General of Juridical Council	member
19. Director of Budget Bureau	member
20. Secretary General of NEA	member
21. Secretary General of NESDB	member and secretary
22. Mr. Phisit Pakkasem	member and assistant secretary

I would be grateful if the change could be made before any further distribution of the document is made.

Yours sincerely,



(Piyasvasti Amranand)

Mr. Ian Hume,
Energy Department,
World Bank,
1818 H Street, N.W.,
Washington D.C. 20433,
U.S.A.

c.c. Mr. Karl Jechoutek, Deputy Chief, Resident Mission
Bangkok.

VISIT OF ROYAL THAI GOVERNMENT OFFICIALS
TO DISCUSS ESMAP ACTIVITIES IN THAILAND

AIDE MEMOIRE OF UNDERSTANDINGS REACHED

A team of Royal Thai Government (RTG) officials headed by Dr. Phisit Pakkasem and comprising Drs. Piyasavasti and Tienchai visited the Bank on October 14, 1986, for discussions on the scope and status of current and proposed ESMAP activities in the country. On the Bank side, these discussions were coordinated by Mr. Ian Hume, Assistant Director, EGYPS, and included the concerned staff from EGY and the Regional Programs and Projects divisions (listed in Annex 1). This aide memoire records the understandings reached during the meetings and sets out the next steps in regard to the further processing of each ESMAP activity.

Recent Developments

Dr. Phisit briefed the Bank on recent developments in regard to the institutional arrangements for energy policy making in Thailand. Specifically, he outlined the proposed scope and functions of the National Energy Policy Committee which had recently been created as the focal point for all energy related policy decisions. This sub-cabinet committee is to be chaired by the Prime Minister and its membership will include a number of senior ministers as well as representation from the NEA, NESDB, Budget Bureau and Judiciary Council. Dr. Phisit has been asked to be the Secretary to this committee. The committee will be served by a small technical secretariat which will draw upon the skills and time of staff in both the sector and line agencies. It has been decided by the Government that this committee, or specific sub-committees constituted under it, would have the responsibility for coordinating all energy policy decisions, including those relating to the conduct of energy research or policy analysis. Consequently, this should also be the channel for the in-country coordination of all ESMAP activities, which had hitherto been implemented in conjunction with a variety of RTG agencies.

Snob

with
Dr. Phisit
the Assistant
Secretary

Dr. Phisit also informed Bank staff that the new Cabinet had approved the Sixth Plan and that particular emphasis was to be laid on the following three criteria in guiding the implementation of the plan in the various sectors:

- (a) the sector plans and projects had to be cognizant of the overall financial and foreign exchange constraints facing the country and to contribute to macro-economic stability;
- (b) a special focus on improving sector efficiency in an attempt to lower costs and improve the country's competitiveness in home and export markets;

The Problems of Development

Introduction

Post World War II

There was considerable doubt whether the newly independent LDC's would be able to grow rapidly out of their poor economic state, which was characterized by

- low levels of technology and capital usage
- high birth rates and illiteracy
- inefficient public administration, political instability
- subsistence agriculture, low incomes, etc.

This pessimism was based on a combination of Malthusian theories of population pressure on land, the perception that the demand for the primary exports of these countries was likely to stagnate, their inability to compete with industrialized countries for industrial production and the general feeling that they were so locked into a vicious circle of low productivity leading to low savings to low investment to low productivity, that they could only break out of this with great difficulty and some superhuman effort.

In fact, the experience of the 50's and 60's turned out to be much more positive and this can be characterized as the heyday of development economics.

- LDC's grew at 5% per year--a much faster than predicted and faster even than the growth of industrialized countries. Moreover, this growth was widely dispersed across regions and types of countries.
- Savings as a % of GNP rose to 15% and more, and in the 60's these domestic savings financed 85% of the investment needs of the countries.
- Agricultural production and productivity which fell until the mid 60's, then picked up dramatically as the Green Revolution took hold in Asia and the prospect of replicating this experience in other parts of the world revived hopes all round.
- Industrial production grew at 7% a year despite shortages of foreign exchange and domestic skills, barriers against exports and small domestic markets. However, much of this industrialization was fostered through policies involving large subsidies and high protection--something that was to come back to haunt these countries later.

- Infrastructure investments grew rapidly and public provision of electricity, water, transport, etc. both provided a framework for development and a visible manifestation of improved economic well being.
- Social indicators improved dramatically. Life expectancy improved, smallpox and cholera were virtually eradicated, school attendance shot up.
- Part of this was made possible by rapid increases in the flow of concessional assistance from the industrialized countries.
- There was also a growing confidence among development theorists that the problems of development were solvable and a variety of theories were expounded on various aspects of economic development.
- However, all good things must come to an end.

Second Half of 70's

Period of complacency came to an end as the development process faltered for many developing countries and indeed the growth in per capita incomes was actually reversed for some.

For all developing countries per capita GDP growth fell from

1965-73	73-80	80-85	
4.0	3.2	1.3	% p.a.

For low income Africa

1965-73	73-80	80-85	
1.2	-0.1	-2.0	% p.a.

Causes were both external and internal.

External. Starting with the oil price increase in 1973, there was a steady deterioration in the external environment, which has continued into the 1980's.

- Terms of trade worsened for every group of LDC's except oil exporters, after having improved steadily over the past decade or so.
- Demand for their exports (particularly primary commodities) slowed as economic growth in industrial countries slowed and as protectionism increased

- Interest rates rose sharply as a result of industrial countries policies at a time when LDC's also began to borrow more, and more at floating rates

Internal. The weakening external environment also brought into sharper relief the weaknesses in the domestic policies that were being pursued by many of these countries.

- Macroeconomic policies: overvalued exchange rates; high public spending and, because of difficulty in mobilizing higher taxes, high public budget deficits; resulting high inflation (particularly in Latin America).
- Distorted labour markets.
- Distortions in allocations of capital for investment (subsidized interest rates).
- A bias against agriculture, (urban constituency, poor understanding of farmers responses) and against exports (an outcome of the 1980's emphasis on industrialization as being synonymous with growth) and within industrialization the heavy emphasis on import subsidies versus export led growth.
- Wastage of resources through expenditures on uneconomic white elephant projects.

Experience of Late 70's and First Half of 80's has brought about

- a sobering realization among both policymakers and development economists that the problems of development are far from licked and our understanding of the "causes of economic growth" is far from perfect.

However, it has also resulted in the identification of a number of key issues which development theorists and practitioners will need to face in the coming decade. Let me list them as a basis for discussion:

1. The most visible is the debt crisis--now recognized that this is not a temporary phenomenon but one that will require concerted and difficult action on the part of a number of parties, LDC's, industrialized countries, commercial banks, multilateral agencies.
2. The problem of protectionism which is related closely to the debt crisis and to the various scenarios for overcoming it. But which is also important for LDC's in terms of their efforts to generate export led growth.
3. The special problems of Sub-Saharan Africa where a combination of poor domestic policies, climatic factors, human resource shortages, poor export prospects, limited access to commercial markets for foreign exchange, and low levels of external

concessional assistance--all lead to dismal projections of future economic growth. Even under the high or optimistic scenario of the future used by the Bank in its 1986 World Development Report, Sub-Saharan Africa's per capita income grows at less than 1% p.a. from its current extremely low base.

4. The more generalized problem of poverty in the developing countries--even in the more successful LDC's pockets of poverty in both rural and urban areas remain a major concern. Basic social indicators have improved substantially but are still extremely poor by industrialized country standards. Even in middle income LDC's, life expectancy of males is 59 years versus 73 in industrial market economies. Infant mortality varies between 56 and 129 for thousand in different groups of LDC's versus 9 in industrialized countries.
5. These problems partly due to the continuing high population growth, and its impact on resource requirements for services and infrastructure investment (schools, hospitals, etc). Population growth rates exceed 3% in many of the poorest LDC's, compared to 0.7% in the industrialized countries. India, China, Pakistan and Bangladesh will have a combined population of 3.5 billion by 2000. Mexico's population will stabilize at 196 million by 2010. Think about the impact of this on the demand for public services.

6. Finally, development economists must face more explicitly the question of the appropriate role of the Government in setting policies and in providing the goods and services that an economy needs. The wisdom of the 1960's was that government intervention in both was both necessary and beneficial. The outcome has been less obvious. Despite a "planning commission" in every country, plan implementation problems have frequently proved a bottleneck. And the numerous state enterprises set up to spearhead the modernization of the economy and the expansion of its industrial base, have frequently become anti-competitive forces with a vested interest in thwarting the liberalization of trade and industry, and their poor efficiency and cost effectiveness has caused them to be net drains to the exchequer rather than contributors to economic growth. Therefore, a growing questioning of the role of Government and of the need to encourage domestic and foreign private investment.

-- Other issues can be added to list but these are some of the principle concerns.

-- Father O'Hara joke. (do I get to hear it?????????)

Annex

Debt Crisis

These factors combined with dramatic results in the form of the so-called debt crisis.

- In the late 1970's LDC borrowing increased dramatically (even excl short-term, which grew even faster, disbursements up from \$46 billion in 1975 to \$122 billion in 1981). Much of this increase was from commercial sources on short maturities and floating interest rates;
- After 1979, interest rates went up, virtually doubling to 17% by 1981;
- At the same time export prices fell; and
- Oil prices doubled (which affected all the OLDC's).

Net result not surprising:

1. Creditworthiness indicators declined sharply for heavily indebted countries.
2. Creditors became reluctant to extend new loans and the level of new commitments halved.

3. Developing countries have become major exporters of capital to the rest of the world. In 1985, this transfer amounted to \$22 billion for long-term debt; probably an additional equivalent amount for short-term debt.

This has been achieved by, in many cases, drastic action on the part of LDC's through reducing imports and investment and through stagnant or falling incomes. For the future, they will need to continue these stabilization programs to improve the efficiency of resource use and to mobilize domestic savings, but a prerequisite for their success is

1. export growth -----protectionism
2. interest rates ----- low
3. net inflows of \$15-20 billion/year

The next aspect that I would like to turn to is the impact and treatment of risk and uncertainty in the context of energy efficiency. Risk and uncertainty have been integral features of some aspects of the energy business for a long, long time. In particular, the uncertainty inherent in petroleum exploration has been a feature that the industry has both grown used to and developed techniques to deal with in carrying out the analysis of investment prospects. Where the present and the future differ fundamentally from the past is in the fact that uncertainty and risks will be important features of almost every energy decision that needs to be made. This is partly because the nature of the risk itself has altered. There is no longer geological risk that we need to account for in making decisions but risks relating to much broader factors and those over which the energy sector analyst has much more limited control.

Let me cite one example: I think it is now widely recognized that regardless of the future trend of oil prices, short-term fluctuations and volatility around that trend will be a feature that we simply have to live with for some time to come. This will have an impact not just on the outcome of investment decisions, but on the very process that is used to arrive at them. For example, the relative ranking of two mutually exclusive energy supply projects may well be reversed once allowance is made for the prospective impact of energy price uncertainty on their profitability over their expected operational lifetime. Moreover, accounting for wide and unpredictable price fluctuations will almost certainly involve a much more flexible and sophisticated analytical approach than the one that would be employed in a more certain world.

Even in the electric power subsector where least cost supply development techniques and analysis are well developed and widely used, the explicit introduction of risk in the analysis will require a change in both the approach and the models used (e.g., WASP, etc.).

Increased risk and uncertainty also has a bearing on the optimum financial structuring of investment projects. For example, some financing instruments are much more amenable to risk sharing and to encouraging the equitable distribution of uncertain gains and losses amongst the various parties involved in the setting up of a project while other instruments would cause the burden of risk to fall much more heavily on one of the parties. This is part of the reason why petroleum exploration, for example, has historically been financed in a different way than, say, petroleum refining. I don't think in our energy analysis, particularly that for the developing countries, we have yet thought through the implications of the widening of risk and uncertainty in terms of the optimal financing packages for energy projects. I know that in the Bank we ourselves have only recently begun to look at this issue on a much more systematic basis and at this stage, we are raising questions and identifying issues as much as finding the solutions.

10/29/86

MAhmed:hm

OFFICE MEMORANDUM

DATE: October 30, 1986

TO: Distribution

FROM: *for Masood*
Masood Ahmed, Deputy Division Chief, EGYS1

EXT: 74219

SUBJECT: ESMAP: Computerized Budget System

As we agreed, a meeting has been arranged for Nov. 5, at 10:00 in Room D-658, at which Valerie King will bring us up to date on the status of the above system. She will also outline the preparatory work that needs to be done by our staff to transfer existing data onto the new system and the expected resource requirements for subsequent system maintenance. The meeting is likely to last for 90 minutes. Please let Holly Mensing (ext. 74219) know if this is not a convenient time for you to attend.

Distribution

Messrs. Hume, Montfort, Dosik, Bates (EGY); Roustayi (EISVP).

Mesdames Nemitz, Pope, Owen, Walsh, Hristodoulakis (EGY).

cc: Mrs. Valerie King

MAhmed:hm

The next aspect that I would like to turn to is the impact and treatment of risk and uncertainty in the context of energy efficiency. Risk and uncertainty have been integral features of some aspects of the energy business for a long, long time. In particular, the uncertainty inherent in petroleum exploration has been a feature that the industry has both grown used to and developed techniques to deal with in carrying out the analysis of investment prospects. Where the present and the future differ fundamentally from the past is in the fact that uncertainty and risks will be important features of almost every energy decision that needs to be made. This is partly because the nature of the risk itself has altered. There is no longer geological risk that we need to account for in making decisions but risks relating to much broader factors and those over which the energy sector analyst has much more limited control.

Let me cite two types of uncertainty in particular. First, I think it is now widely recognized that regardless of future trend of oil prices, short-term fluctuations and volatility around that trend will be a feature that we simply have to live with for some time to come. This will have an impact, not just on the outcome of investment decisions, but on the very process that is used to arrive at them. For example, the definition of energy efficiency in the framework where prices are subject to wide and unpredictable fluctuations will almost certainly involve a much more flexible and sophisticated analytical approach than the one that would be employed in a more certain world. Increased risk and uncertainty also has a bearing on the optimum financial structuring of investment projects. For example, some financing instruments are much

more amenable to risk sharing and to encouraging the equitable distribution of uncertain gains and losses amongst the various parties involved in the setting up of a project while other instruments would cause the burden of risk to fall much more heavily on one of the parties. This is part of the reason why petroleum exploration, for example, has historically been financed in a different way than, say, petroleum refining. I don't think that energy analysts, particularly those in the developing countries, have yet thought through the implications of the widening of risk and uncertainty to other types of energy decisions in terms of how the optimal financing packages for projects in these other areas ought to be changed to reflect this higher risk. I know that in the bank we ourselves have only recently begun to look at this issue on a much more systematic basis and at this stage, we are raising questions and identifying issues as much as finding the solutions.

10/29/86

MAhmed:hm

OFFICE MEMORANDUM

DATE: October 31, 1986

TO: Distribution

FROM: Masood Ahmed, Deputy Chief, EGYS1

EXT: 74219

SUBJECT: ESMAP: Fund Raising

Attached for your information is a draft letter to potential donors that Mr. Rothermel handed over to us for comments during our visit to New York yesterday.

Attachment

Distribution

Messrs. Hume, Dosik, Montfort, Bates o/r, Kalim (EGY)

MAhmed:dah

Dear [Full name of Donor]~,

Subject: Energy Sector Management Assistance Programme

The new Federal tax law makes sweeping changes which will affect us all. Many of these changes directly affect charitable giving and treat contributions made in 1986 very differently from those made in subsequent years.

Our purpose in writing this letter is to provide some simple guidelines as to how the new tax legislation may influence the year-end giving decisions of individual donors. We do, of course, recognize and deeply appreciate that donors supporting the Energy Sector Management Assistance Programme are principally motivated by their belief that something must be done to assist the developing countries deal with their most urgent energy problems. Nevertheless we also recognize that there are "other" considerations affecting donor support to ESMAP -- including tax considerations -- and we hope that this letter may be of use to you in better understanding some pertinent aspects of the tax bill.

1. The most important change in the tax law is that for almost all donors a charitable gift in 1986 will produce a larger tax savings than in future years. The top tax bracket in 1986 is 50 per cent; in 1987, 38.5 per cent; and 1988 and thereafter 28 per cent. Thus a gift in 1986 will produce large tax savings than in later years.

2. In 1986, even if you do not itemize, you can deduct the full value of your gift. In 1987 and beyond, a charitable deduction will be available only to people who itemize deductions on their tax returns.

(Name and address of Donor)~

3. In 1986, gifts of appreciated property such as stocks or real estate are deductible for tax purposes at their market value. In 1987 and beyond, gifts of appreciated property may be subject to taxation in the form of an alternative minimum tax. This problem may particularly affect people planning to make very significant donations of appreciated property. Donors in this category may wish to consult their accounting or legal services.

It is particularly advantageous (and surprisingly simple) to make a gift of appreciated securities to ESMAP. A gift of stock held over six months is deductible in 1986 at its current market value despite the fact that its cost to you may have been much lower. Simply call or write your broker to authorize the gift and be sure to notify us. We will then ask your broker to sell the stock and to send us the proceeds, or alternatively to send us the stock.

If your stock is held in a bank a trust officer can handle the matter on your behalf with ease.

Stock certificates in your possession can be mailed directly to ESMAP. Do not endorse the certificates. A stock power for each certificate should be mailed under separate cover. Please let us know if you would like stock power forms. If your certificate is for a greater number of shares than you wish to donate to ESMAP we can have it sent to a transfer agent and then return to you a new certificate for the balance of the shares.

We are very grateful to you for the support you have given us and for your interest in ESMAP. If you have questions on any material in this letter please write or call Mr. Thomas S. Cox, our Director of Planned Giving. Mr. Cox can be reached at ESMAP's New York office at (212) 906-5854. If you want information on the broader aspects of the tax law he will be happy to send you a brochure entitled "New 1986 Tax Law".

Very sincerely,

Timothy Rothermel
Director
Division for Global and Interregional Projects

FORM NO. 75
(9-78)

THE WORLD BANK

ROUTING SLIP		DATE: 10/29/86
NAME		ROOM NO.
Messrs. Hume		B-611
Montfort		D-629
Dosik		D-430
Kalim		C-502
Poncia		D-444
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.: D-639	EXTENSION: 74219

Project Documents and Budgets Proposal

1. The attached scheme is based on Chris Poncia's work and Tom Cox's ideas as set out in his letter of October 20, 1986.
2. The basic principles underlying this scheme are:
 - (a) a refocussing of ESMAP along product lines in two broad areas--"Energy Efficiency" and "Household Energy" reflecting the split between the two reconstituted ESMAP Divisions;
 - (b) the rationalization of the multitude of ESMAP project documents into three broad project categories, supplemented by individual activity specific project documents where these are required for legal/administrative reasons;
3. The three broad project documents would cover the following:
 - (a) The first would simply cover the core costs of the fixed-term and Bank staff (about 18 HL in number) working on ESMAP, i.e., salary and benefits, and the costs of their office space and other overheads. This project would be funded entirely by the UNDP DGIP and the Bank (in cash and kind). Here, we would deliberately and explicitly exclude researchers who would be defined as "consultants" working on specific activities.
 - (b) The second would cover the operational costs of the Energy Efficiency Program, i.e., all consultants (including researchers and long-term consultants), the bulk of travel costs and other operational expenses.
 - (c) The third would cover the comparable operational costs of the Household Energy Program.
 - (d) Additional project documents similar to (b) and (c) above could be introduced in the future as new major product lines are added (e.g., for Human Resource and Training Assistance).
 - (e) Where individual activity specific budgets are required (e.g., where there is country IPF funding for a task or a large new task such as an Assessment for a country the donors wish carried out), these budgets would similarly fund the operational costs of that particular activity.
4. The main advantages of this scheme are:
 - (a) A clear definition of the core costs of the program and a visible separation of these costs from the operational costs.

- (b) The favorable impact on donors that is likely to result from the perception that the core costs are funded entirely by the Bank and the UNDP. However, this poses a definitional issue regarding core staff which is addressed further below.
 - (c) Greater degree of certainty for program managers regarding the assured funding of core staff costs.
5. The main issues requiring attention are:
- (a) Size of Core Staff. A net contribution of \$850,000 p.a. from DGIP will fund about 12 higher level (HL) staff salaries and benefits. Even accepting that long-term consultants and researchers should be charged to the operational budgets, this would mean a reduction from the current number of _____ fixed-term HL staff and _____ fixed-term secretarial staff. There are two ways to address this. First, the number of Bank staff devoted to ESMAP work is likely to grow on the Household Energy area through the transfer of EGYPA positions and in the Energy Efficiency area through a reduction in the volume of sector work which will free up some positions for Bank support to ESMAP; we are far enough away from the 20% ceiling so that this position transfer will not impinge on that constraint. Second, we could insist that a fixed percentage of all bilateral donors contributions be made available for core costs; however, given the difficulty in applying this consistently and the fact that the donors will in any event be funding staff travel and a share of long-term consultant/researchers, my initial preference would be to try and manage without such a strict rule. In any event, given the decision to classify fixed-term staff as CSS after January 1987 (and the attendant impact on salaries and recruitment prospects) the number of fixed-term staff on our books is likely to decline over time with the slack being taken up by either (1) Bank financed fixed term staff or (2) Bank staff on secondment to the Program or (3) fixed term staff funded directly by a bilateral.
 - (b) Classification of Researchers/Long-term Consultants. It could be argued that the classification of researchers and long-term consultants as operational costs is somewhat arbitrary. My own view is that consultants (even long-term ones) have quite different contractual arrangements and expectations than fixed-term staff. Moreover, our contingent liability is more limited and their contract durations are also shorter. Finally, in most instances, they do work almost exclusively on specific projects and activities. Given these factors and the obvious presentational advantages resulting from a reduction in the size of the so-called "core staff", I would recommend that we proceed with this change.

6. Three project documents mean extra work. This certainly is true in relation to one all encompassing ESMAP product. However, the cost is in my view far outweighed by the improved relevance of the numbers, the ease of monitoring our financial position, and the increased transparency of our funding arrangements vis-a-vis the donors.

7. Compatability with ESMAP Budget System. I cannot see any obvious incompatibilities with the computerized budget system that Valerie King is now developing. However, if the proposed scheme is acceptable, I will meet with her to confirm this.

8. Mr. Kalim and I have discussed the above in some depth and he is in complete agreement with the recommendations.

10/28/86

MAhmed:hm

Sources: UNDP/DGIP
World Bank (parallel contribution
in kind)

Project

ESMAP CORE
Phase II

Budget

INT/86/0291
01/42
\$1.0 million p.a.

Bank in
kind and cash
contribution
\$1.2-1.5 million

Will Fund

Salaries for
Fixed-Term
Staff
(12 HL) +
+ Program
Administrator
in New York

-- Salaries of Bank
Staff support to
ESMAP (6-8)
-- Limited travel
of staff
-- Office space and
overheads
-- Limited consultant
budget

Donors →

UNDP EGY A/C
UNDP Cost Sharing
Direct Bank Arrangement

UNDP IPF
Bank (Project Specific)

Energy
Efficiency
Program

Individual Activity
Specific Projects
(e.g., IPF Funded)

Household
Energy
Program

Human Resource
Development
Program

INT/86/E05
A/73/42
\$? million p.a.

Individual
Activity Specific
Project Budgets

INT/86/E061
A/73/42
\$? million p.a.

To be
determined

-- Consultant Fees
-- Staff/Consultant
Travel
-- Other Operational
Costs

-- Consultant Fees
-- Staff/Consultant
Travel
-- Other Operational
Costs

OFFICE MEMORANDUM

DATE: October 28, 1986

TO: Mr. Sarwar Lateef, Senior Economist, WA1DB

FROM: Masood Ahmed, Deputy Division Chief, EGYS1

EXT: 74219

SUBJECT: GHANA: Time Recording for Sector Work

1. Further to our conversation yesterday, I have now examined the relevant FY87 TRS data which confirm that there has been some confusion in the recording of staff time for the various ESW and ESMAP tasks underway in the country. Specifically, time spent on the preparation of the ESMAP follow-up to the energy assessment has erroneously been recorded against the assessment code itself and thus shows up in the ESW category rather than under the TAC input which in the case of ESMAP is a "below the line" item. The correct figures for FY87 ESW are as follows:

	1st Quarter Staffweeks	2nd-4th Quarter Staffweeks	Totals
Applications:			
Energy Assessment	1.8	2.0	3.8
Completion			
Industrial Energy			
Efficiency Study	1.0	11.0	12.0
Sub Total	2.8	13.0	15.8

2. These figures are in line with the FY87 total ESW allocation to our division of 16.0 SW, comprising 12.0 SW for the Energy Efficiency Study and 4.0 SW for SWO. As I mentioned to you, the bulk of the SWO allocation is being used to revise the energy assessment to take account of the recent changes in the Government's macro and energy sector policies. The final (blue cover) version of the assessment should be ready for circulation during the coming week.

3. Regarding the time recording for ESMAP tasks, I would like to confirm that Mr. Stern's office has decided that for the moment this work should continue to be treated as below the line and not part of the CAM figures. Nevertheless, we would like to ensure that there is substantive agreement on the priority of all ESMAP tasks in the context of the overall country strategy assistance framework being pursued by the Bank. I was glad, therefore, for your confirmation of the continued importance of the industrial energy efficiency study in Ghana.

4. Please call me if you have any further queries.

cc: Mr. Berk (WA1); Bauer (WAP); Montfort, Richter (EGY).

Ms. Walsh (EGY).

MAhmed:hm

Typewritten
 Character
 Must Fall
 Completely in
 Box!

PAGE

1 OF 1

OFFICIAL DEPT/DIV
 ABBREVIATION

EGYS1

MESSAGE NUMBER

TELEX NUMBER
 (FOR CASHIER'S USE ONLY)

START
 HERE

TO PETER JOHNSTON, PROJECT MANAGER, UN PACIFIC ENERGY DEVELOPMENT
 PROGRAMME. RECEIVED YR MESSAGE NO. 803. REGRETTABLY, I WILL NOT
 BE IN WASHINGTON ON NOVEMBER 14. HOWEVER, MY DEPUTY, MASOOD
 AHMED, WHO IS ALSO RESPONSIBLE FOR OUR DIVISIONS' WORK IN THE
 SOUTH PACIFIC REGION WILL BE HAPPY TO MEET WITH YOU DURING YOUR
 VISIT. PLEASE CALL HIM ON 477-4219 UPON ARRIVAL TO SET UP A
 MUTUALLY CONVENIENT TIME ON FRIDAY MORNING. BEST REGARDS,
 BERNARD MONTFORT, DIVISION CHIEF, ENERGY STRATEGY AND
 PREINVESTMENT DIVISION I, WORLD BANK.

END
 OF
 TEXT

PINK AREA TO BE LEFT BLANK AT ALL TIMES

INFORMATION BELOW NOT TO BE TRANSMITTED

CLASS OF SERVICE	Telex	TELEX NO.	2384 PEDP FJ	DATE	10/21/86
SUBJECT	Peter Johnston's D.C. Visit		DRAFTED BY	MAhmed:hm	EXTENSION
CLEARANCES AND COPY DISTRIBUTION: cc: Nayyar (AEPEN); Dutt (AEASP).			AUTHORIZED BY (Name and Signature):		
			Bernard Montfort, Chief, EGYS1		
			DEPARTMENT:		
			EGY		
SECTION BELOW FOR USE OF CABLE SECTION					
CHECKED FOR DISPATCH					

October 15, 1986

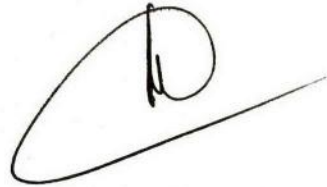
Mr. Vineet Nayyar

Vegetarian Lunch

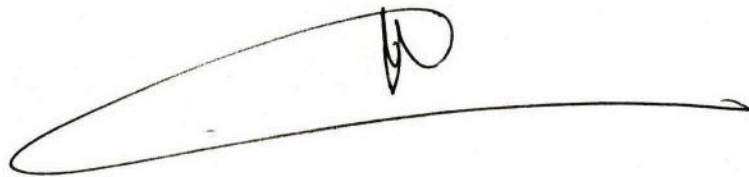
Vineet -

The dining room will charge you directly for your lunch yesterday, at the special price of a vegetarian meal.

Masood Ahmed

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by a horizontal line.

See you for lunch on Friday. This
time I'll buy it!

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by a horizontal line.

OFFICE MEMORANDUM

DATE: October 15, 1986

TO: Distribution

FROM: Masood Ahmed, Deputy Division Chief, EGYSI

EXT: 74219

SUBJECT: Thailand Delegation

As you know, Dr. Phisit and two colleagues from NESDB visited the Bank on October 14, for discussion on the scope and strategy of ESMAP activities in Thailand. Attached for your information is an aide memoire summarizing the discussions held and agreements reached during their visit. Please call me if you have any comments or queries on the attached document.

Attachment

Distribution

Messrs. Yenai (AENVP); Ikram, Kikuchi, Bonnel (AEAKO);
Nayyar, Albouy (AEPEN);
Onorato (LEGVP); Kaji (AEADR); Turnham (AEPDR);
Warren, Flannery (IND);
Churchill, Hume, Bourcier, Montfort, McCarthy, Saunders,
Kalim, Daffern, Borthwick, Aleem (EGY);
Jechoutek (RMB).

Ms. Shum (EGY).

MAhmed:hm

VISIT OF ROYAL THAI GOVERNMENT OFFICIALS
TO DISCUSS ESMAP ACTIVITIES IN THAILAND

AIDE MEMOIRE OF UNDERSTANDINGS REACHED

A team of Royal Thai Government (RTG) officials headed by Dr. Phisit Pakkasem and comprising Drs. Piyasavasti and Tienchai visited the Bank on October 14, 1986, for discussions on the scope and status of current and proposed ESMAP activities in the country. On the Bank side, these discussions were coordinated by Mr. Ian Hume, Assistant Director, EGYPS, and included the concerned staff from EGY and the Regional Programs and Projects divisions (listed in Annex 1). This aide memoire records the understandings reached during the meetings and sets out the next steps in regard to the further processing of each ESMAP activity.

Recent Developments

Dr. Phisit briefed the Bank on recent developments in regard to the institutional arrangements for energy policy making in Thailand. Specifically, he outlined the proposed scope and functions of the National Energy Policy Committee which had recently been created as the focal point for all energy related policy decisions. This sub-cabinet committee is to be chaired by the Prime Minister and its membership will include a number of senior ministers as well as representation from the NEA, NESDB, Budget Bureau and Judiciary Council. Dr. Phisit has been asked to be the Secretary to this committee. The committee will be served by a small technical secretariat which will draw upon the skills and time of staff in both the sector and line agencies. It has been decided by the Government that this committee, or specific sub-committees constituted under it, would have the responsibility for coordinating all energy policy decisions, including those relating to the conduct of energy research or policy analysis. Consequently, this should also be the channel for the in-country coordination of all ESMAP activities, which had hitherto been implemented in conjunction with a variety of RTG agencies.

Dr. Phisit also informed Bank staff that the new Cabinet had approved the Sixth Plan and that particular emphasis was to be laid on the following three criteria in guiding the implementation of the plan in the various sectors:

- (a) the sector plans and projects had to be cognizant of the overall financial and foreign exchange constraints facing the country and to contribute to macro-economic stability;
- (b) a special focus on improving sector efficiency in an attempt to lower costs and improve the country's competitiveness in home and export markets;

- (c) a reassessment of the role of the Government itself in the provision and funding of products and services, with a special emphasis on enhancing the role and contribution of the private sector.

Dr. Phisit pointed out that it would also be useful to take account of these criteria in designing the scope and focus of ESMAP technical assistance in Thailand. Additionally he stressed the importance of designing this work to take full benefit of local consulting or other expertise that may be available within the country which would both ensure speedy familiarization with country-specific issues, take advantage of existing expertise, and help to facilitate the subsequent implementation of any recommended actions. The discussions then focussed on each of the three proposed ESMAP activities.

Oil Price Impact Study

An ESMAP activity initiation brief had been circulated prior to the meeting and its contents were summarized by Bank staff at the meeting. The Thai team expressed satisfaction and broad agreement with the proposed scope of work and approach. The team emphasized the need for an early completion of the study whose results would be used for evaluating energy sector investment proposals under the Sixth Plan. Following some discussion, it was agreed to proceed with in-house work within the Bank on defining and applying the criteria for the evaluation of key energy investments during a period of continued price uncertainty. Thereafter a mission would visit Bangkok in late November/early December to fill in any remaining gaps in the analysis and to discuss the outstanding issues and any preliminary results with NESDB and the operating agencies.

Lignite Development Study

A draft UNDP project document setting out the scope of this work had been circulated prior to the meeting. This document had been prepared in response to a request made to the Bank by the NEA during the June ESMAP mission. Dr. Phisit agreed with the focus on non-power generation uses of lignite but felt a more thorough discussion of the institutional arrangements in the lignite sector would be required during this work as these, in his view, were key constraints to lignite development. He also pointed out that, in the light of the recent institutional developments for national energy policy making, the appropriate counterpart agency for ESMAP work in this area would also be secretariat of the new National Energy Policy Committee. It was agreed that the next step in this regard would be for the Bank to prepare a revised draft scope of work to take account of the comments made during the meeting and that this revised draft would then be used as basis for internal discussion within Thailand on the timing and modus operandi of any subsequent ESMAP involvement. This discussion of the scope of work would need to involve both the NEPC Secretariat as well as the NEA, DMR, and EGAT. It was recognized in the discussions that there was a need to

proceed speedily with the finalization of the documentation on this exercise so as to satisfy the administrative requirements for UNDP IPF funding which was likely to be available for this task during calendar year 1986. Dr. Phisit also suggested, and it was so agreed, that the reconnaissance mission previously proposed for November 1986 for this activity be delayed until the revised scope of work had been received and reviewed by the concerned agencies within Thailand.

Energy Sector Restructuring/Efficiency Study

Messrs. Hume and Ikram outlined to Dr. Phisit that there had been extensive discussions within the Bank on this particular ESMAP activity proposal. The outcome of these discussions was that while this issue was clearly seen as being a major concern for the sector in the coming years, there was also a recognition that it was a complex and delicate area. It was felt, therefore, that prior to the commitment of significant Bank resources to the analysis of this issue, it would be necessary to obtain a clear signal from an appropriate level in Government (such as the NEPC) of its own priorities in this area and of what specifically it expected from the Bank by way of assistance. Dr. Phisit expressed his understanding of the Bank's position and agreed that the National Energy Policy Committee would be the appropriate vehicle for issuing such an invitation to the Bank. He agreed to raise this matter with the appropriate authorities upon his return to Thailand and to inform the Bank of the outcome. There was also a working level discussion of the substantive issues that would likely need to be addressed in the execution of any ESMAP work in this area. As a result of this discussion, it was agreed that, subject to the overall caveats regarding Bank intervention in this area, substantive issues needed to be addressed in the following areas:

- (a) Bangchak Refinery: there was a need to develop a detailed implementation plan to effect the Government decision to privatize this facility. The timing of this work would be affected by operational factors but should proceed as soon as possible.
- (b) PTT: there was a need to evaluate the comparative merits of retaining a Government presence through PTT in all aspects of petroleum operations, especially given overall constraints on investment resource availability. Difficult choices need to be made in this area and the Government would welcome support for this work.
- (c) EGAT: the scope for restructuring/privatization was more limited here and the principal options that the Government would like to examine related to the possibilities and constraints for widening EGAT's equity base as suggested by the Cabinet.

- (d) Lignite: there were a number of issues relating to the institutional arrangements for lignite development; however, it was agreed that these would be addressed in the context of the proposed ESMAP study on lignite development.

ESMAP Funding and Logistics


The Government requested clarification of the funding status and procedures for the proposed ESMAP tasks. These stand as follows:

- (a) The oil price impact study is jointly funded from the Bank's own resources (economic and sector work contribution of 30 staffweeks) with small incremental needs to be met from ESMAP core funds.
- (b) The lignite development study is proposed to be funded under ESMAP from UNDP IPF funds which have tentatively been allocated for this task by the UNDP's Bangkok office. It is our understanding that these funds must be committed during this calendar year. The Bank staff contribution to this work would be funded from ESMAP core resources.
- (c) The restructuring/privatization study would be implemented under ESMAP with firm funding yet to be identified. The UNDP Bangkok office has some unutilized funds in its 1986 budget which it has indicated might be available for this work (DTEC approval would likely be required for the use of these funds, as also for the lignite study). UNDP may also have funds available in 1987 from its new IPF cycle. Among the bilateral agencies, CIDA has previously supported ESMAP work in many countries and collaborated closely with the Phase One Assessment work in Thailand. Some limited ESMAP core funds may also be available, but these are unlikely to be adequate for the total funding needs. However, it would be useful to arrive at a more precise definition of the proposed scope, timing, and cost of this work and its cost before determining the most appropriate funding mechanism for this task.

Regarding the use of ESMAP funds, it was confirmed that these could be deployed for both local and international consultants and for project related activities including travel. The individual project budgets would be prepared to reflect these costs.

Next Steps

It was agreed that Dr. Phisit would discuss the issue of ESMAP involvement and its incountry coordination with the appropriate officials in the Government and, in particular, would seek to obtain a clarification of the envisaged ESMAP role in the area of restructuring/efficiency analysis. He would also clarify organizational issues relating to implementation of the lignite study. On the part of the Bank, revisions would be made to the various documents as described above and a precise timetable for field work on these activities would be prepared and communicated to the Government for their approval.



Dr. Phisit Pakkasem
Deputy Secretary General
National Economic and Social
Development Board
Royal Thai Government



Mr. Ian Hume
Assistant Director
Energy Department
The World Bank

October 15, 1986

October 14, 1986

Meetings with Drs. Phisit, Piyasavasti, and Tienchai

Morning Session Attendees

Mr. Ian Hume	Assistant Director, EGYPS
Mr. Khalid Ikram	Division Chief, AEAKO
Mr. Vineet Nayyar	Division Chief, AEPEN
Mr. Masood Ahmed	Deputy Division Chief, EGYS1
Mr. Karl Jechoutek	Deputy Chief, Resident Mission Bangkok
Mr. Kunio Kikuchi	Senior Loan Officer, AEAKO
Mr. Zia Kalim	Regional Energy Lead Advisor, EGYDR

Afternoon Session Attendees

Mr. Ian Hume	Assistant Director, EGYPS
Mr. William Onorato	Legal Advisor, LEGVP
Mr. Masood Ahmed	Deputy Division Chief, EGYS1
Mr. Eric Daffern	Deputy Division Chief, EGYD1
Mr. Karl Jechoutek	Deputy Chief, Resident Mission Bangkok
Mr. Kunio Kikuchi	Senior Loan Officer, AEAKO
Mr. Yves Albouy	Senior Economist, AEPEN
Mr. Irfan Aleem	Economist, EGYS1
Mr. Rene Bonnel	Economist, AEAKO
Mr. John Borthwick	Economist, EGYS1
Ms. Selina Shum	Financial Analyst, EGYD1
Mr. Collin Warren	Economist, INDD1

OFFICE MEMORANDUM

DATE: October 10, 1986

TO: Distribution

FROM: Masood Ahmed, Deputy Division Chief, EGYS1



EXT: 74219

SUBJECT: Program for Visit of Thai Delegation

Attached please find the final agenda for the meetings to be held on October 14 with Dr. Phisit and other members of the visiting Thai delegation.

Attachment

Distribution:

Messrs. Nayyar, Albouy, (AEPEN);
Ikram, Kikuchi, Bonnel, Jechoutek (AEAKO);
Onorato (LEGVP);
Warren, Flannery (IND);
Hume, Montfort, McCarthy, Daffern, Borthwick, Aleem (EGY).

Ms. Shum (EGY).

/hm

Program

October 14

Visit of Thai Delegation

Time Room

10:00 - B611 Introductory Meeting to agree upon agenda for visit;
10:30 update on status of various ESMAP activities.

Participants: Drs. Phisit, Piyasavasti, Tienchai
Messrs. Hume, Ahmed, Jechoutek, Kikuchi.

10:30 - D658 Restructuring/Privatization Study Working Meeting
12:30

Participants: Thai Delegation
Messrs. Hume, Ahmed, Daffern, Flannery,
Borthwick, Onorato, Albouy, Jechoutek,
Kikuchi, Warren, and Ms. Shum.

12:30 - Dining Lunch for Thai delegation hosted by Mr. Hume.
14:00 Rm A, Also attending: Messrs. Jechoutek, Nayyar, Kikuchi,
 H Bldg. Daffern, Montfort, and Ahmed.

14:15 - D658 Lignite Study working meeting.
15:00

Participants: Thai Delegation
Messrs. Hume, Ahmed, Borthwick, Warren, and Jechoutek.

15:15 - D658 Oil Price Impact Study working meeting.
16:00

Participants: Thai Delegation
Messrs. Hume, McCarthy, Ahmed, Aleem, Albouy, Jechoutek,
and Ms. Shum.

16:00 - D658 Wrap-up Discussion
16:30

Participants: Thai Delegation
Messrs. Hume, Ahmed, Jechoutek, Kikuchi, Bonnel.

October 9, 1986

Mr. Joaquin Paez

Coaching Skills Seminar

Joaquin -

First of all my apologies for being absent during the second day of your seminar. As I mentioned to you in the Coffee Shop before I went away on leave, we had a bit of a crisis on Thursday which took up the day and prevented me from returning to what, on the basis of the previous day's experience, should have been a most fruitful and productive discussion. I hope this did not cause you too much inconvenience.

On the basis of the first day, I wanted to share some comments on the course. These are now more preliminary, but nevertheless may be of some use to you. First, I think a course such as this is clearly needed both by managers and, judging from the interest exhibited by senior professionals, by other staff who are not formally designated managers but have an important coaching dimension to their jobs in the Bank. While it is clearly beneficial for all these staff to participate in such a course, their diverse backgrounds do raise an issue of audience homogeneity.

What I found interesting, particularly during the first half day of the course, was the tendency on the part of those participants who had not been to the DMDP programs, to expand the discussion from the limited area of coaching to the broader issues of performance evaluation, motivation, job design, career development opportunities, and management difficulties and opportunities in the Bank in general. This suggests there is a big market for training and skill development in the whole range of management issues, but it does mean that it is more difficult for a course such as this one to begin to focus on its more specialized subject matter. In this context, I think it is also worth noting that perhaps one of the reasons for this tendency is that the coaching issue is closely related with other aspects of managerial responsibilities, most notably with job design, the performance evaluation system and with the overall management environment within which the learning environment has to be structured.

Perhaps it may be helpful in future courses to explicitly devote the first hour or so to a presentation and discussion of the context in which coaching must take place, the links between coaching and these other aspects of management, and the limitations of coaching as a means of resolving personnel and management issues. This would serve to get these broader issues off people's chests if they had not had the opportunity in other forums. Also, it would ensure that in the subsequent discussion there was no reversion back to what was the broader context, but what should for this course be treated as a backdrop, thus enabling the

discussion to focus more exclusively on how to develop skills in this limited area of coaching.

I think the other point which struck me about this course and about people's reactions to it, was a general feeling that their ability to create a safe learning environment and to "deliver" upon an expectation that had been set up on the part of staff in their division for learning opportunities was severely constrained because of the pressures of work program delivery and deadlines. In particular, what this means is that the degree of freedom for divisional managers to deliver and design safe learning environments for the staff in their own divisions is strongly influenced by the support or lack of it that this receives from higher management. This is something that cannot be tackled in the context of the coaching seminar, but it may be a useful agenda item to include in the DMDP courses, particularly those for directors and vice presidents. Frequently, I suspect, directors and vice presidents would respond positively if asked explicitly whether they would allow for some slippage in the delivery of the work program in the interest of allowing for the acquisition of new skills or the testing of new techniques. However, because they are not asked this explicitly, their actions sometimes might suggest that the premium on timely delivery of output far exceeds that on the creation of an effective and innovative learning environment.

Finally, an unrelated idea I had while sitting through the course was regarding the discussion that we had on the difference between mistakes and failures, and what type of managerial behavior could turn a mistake into a failure as perceived by the staff member. I think the chart that you showed provided the elements of the distinctions between these two situations, but I also think that this might be demonstrated effectively by the use of a short video dramatization. For example, one could envision a situation in which a staff member has been asked to write a different type of report than the normal one, either shorter or something of that nature. When he finally completes this report and discusses it with his manager, this experiment turns out to be unsuccessful. Now you could have two versions of the manager's reaction: in the first he could resort to finger pointing and blaming the staff concerned, and in the second, the manager's behavior would be different and focus on constructive learning from this experiment with a view to designing better products in the future. I have some ideas on how such a short script might be structured and would also be willing to participate in it. If either you or one of the other trainers in the Management Unit thought that this was a worthwhile video to put up and use, either in this course or in other management courses, please call me.

Once again, thanks for your seminar and sorry I could not attend the second part of it. Look forward to hearing from you.


Masood Ahmed

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ATTENTION JECHOUTEK, INTBAFRAD, BANGKOK, THAILAND. RE YOUR
TELEX OF OCTOBER 8 TO IAN HUME. (AAA) MONDAY, OCTOBER 13 IS
A HOLIDAY. ARRANGEMENTS TO RECEIVE PHISIT TEAM ARE CONFIRMED
FOR OCTOBER 14. HOWEVER, WE PLAN TO LEAVE SOME BRIEFING
MATERIAL FOR THE VISITING TEAM AT THEIR HOTEL SO THAT THEY
CAN REVIEW THIS ON MONDAY IN PREPARATION FOR TUESDAY
MEETINGS. WE WOULD LIKE TO LEAVE THE SAME BRIEFING PACKAGE
FOR YOU SO PLEASE LET US KNOW WHERE YOU WILL BE STAYING. WE
UNDERSTAND THAT DR. PHISIT WILL NOT BE AVAILABLE ON OCTOBER
15, BUT DISCUSSIONS ARE PLANNED WITH DRS. PIYASAVASTI AND
TIENCHAI FOR OCTOBER 15. (BBB) ACCOMMODATIONS FOR DRS.
PHISIT, PIYASAVASTI, AND TIENCHAI ARE CONFIRMED FROM OCT 11-
15 AT GUEST QUARTERS HOTEL, 801 NEW HAMPSHIRE AVE., NW,
WASHINGTON, D.C., TEL. (202) 785-2000. TRAVEL ADVANCES CAN
BE COLLECTED AT THE TRAVEL OFFICE ON OCTOBER 14. LOOKING
FORWARD TO YOUR VISIT. BEST REGARDS, MASOOD AHMED, DEPUTY
DIVISION CHIEF, ENERGY STRATEGY AND PREINVESTMENT DIVISION I,
INTBAFRAD.

END
OF
TEXT

PINK AREA TO BE LEFT BLANK AT ALL TIMES

INFORMATION BELOW NOT TO BE TRANSMITTED

CLASS OF SERVICE: Telex		TELEX NO.: 82817	DATE: 10/8/86
SUBJECT: Thailand-Dr. Phisit Wash. D.C. Visit		DRAFTED BY: MAhmed/HMensing:hm	EXTENSION: 74219
CLEARANCES AND COPY DISTRIBUTION: cc: Mr. Kikuchi (AEAKO).		AUTHORIZED BY (Name and Signature): Masood Ahmed, Dep. Division Chief, EGYS1	
		DEPARTMENT: EGY	
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OFFICE MEMORANDUM

DATE: October 8, 1986

TO: Distribution

FROM: Masood Ahmed, Deputy Division Chief, EGYS1

EXT: 74219

SUBJECT: Program for Visit of Thai Delegation

Attached please find the program planned for the visit of the Thai delegation from October 14-15. Could you please confirm by Friday morning October 10, whether you will attend as scheduled, whether you would like to attend some other session as well, and/or whether you have someone else you would like to include. I look forward to hearing from you.

Attachment

Distribution:

Messrs. Nayyar, Albouy, (AEPEN); Lav, Kikuchi (AEAKO); Onorato (LEGVP);
Barrientos, Warren, Flannery (IND);
Hume, Montfort, Daffern, Borthwick, Aleem (EGY).

Ms. Shum (EGY).

/hm

Program

October 14

Visit of Thai Delegation

Time Room

9:30 - B611 Introductory Meeting to agree upon agenda for visit;
10:00 update on status of various ESMAP activities.

Participants: Drs. Phisit, Piyasavasti, Tienchai
Messrs. Hume, Ahmed, Jechoutek.

10:00 - D658 Restructuring/Privatization Study Working Meeting
12:30

Participants: Thai Delegation
Messrs. Hume, Ahmed, Daffern, Flannery, Borthwick,
Onorato, Albouy, Lav, Jechoutek, Kikuchi, and Ms. Shum.

12:30 - Dining Lunch for Thai delegation hosted by Mr. Hume.
14:00 Rm A, Also attending: Messrs. Jechoutek, Nayyar, Kikuchi,
H Bldg. Daffern, Montfort, and Ahmed.

14:15 - D658 Lignite Study working meeting.
15:00

Participants: Thai Delegation
Messrs. Hume, Ahmed, Borthwick, Warren, Barrientos,
Lav, and Jechoutek.

15:15 - D658 Oil Price Impact Study working meeting.
16:00

Participants: Thai Delegation
Messrs. Hume, Ahmed, Aleem, Albouy, Lav, Jechoutek.

16:00 - D658 Wrap-up Discussion
16:30

Participants: Thai Delegation
Messrs. Hume, Ahmed, Jechoutek

October 15

Dr. Phisit will not be available but working level
discussions will continue with Drs. Piyasavasti
and Tienchai.

9:30 - D658 Restructuring/Privatization Issues
12:00

12:00 - Dining Lunch for Thai Delegation hosted by Mr. Ahmed.
13:30 Rm 4, Also attending: Messrs. Albouy, Aleem, Borthwick and
E Bldg. Ms. Shum.

14:00 - D658 Oil Price Impact Issues
15:30

15:30 - D658 Wrap-up Discussion with Mr. Hume
15:45