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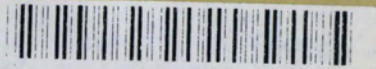
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McNamara Papers

Travel briefings - 7

The World Bank Group
Archives



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Travel briefs, Congo Kinshasa

Folder 4 of 5

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CONGO (KINSHASA)

2/13/69
(Kinshasa)

Victor Nendaka, Minister of Finance
Faustin Nzeza, Minister of Transport and Communication
Alphonse Ilunga, Minister of Public Works
Albert Ndele, Governor of the National Bank
B. Bisengimana, Principal Advisor to the President and
Secretary General of the Economic and Financial
Inter-Ministerial Commission
Litho, Minister of Agriculture
Justin Marie Bomboko, Minister of Foreign Affairs

"

"

Mr. Aldaffe (met at dinner). U.S.-Turkish businessman

"

President Mobutu (dinner)

"

Edouard Mambu, Chief Advisor to Governor Ndele

2/14/69
(Lubumbashi)

Leon Engulu, Governor of Lubumbashi Province

2/14/69
(Kinshasa)

Robert Cayron, Managing Director of Gecomim

2/17/69
(Brussels)

Hubert Ansiaux, Governor of the National Bank of Belgium
Franz de Voghel, Deputy Governor

"

L. Wallef, Chairman, Union Miniere
M. Nokin, Governor, Societe Generale
Lord H. Colyton, Chairman, Tanganyika Concessions, Ltd.

"

Pierre Ansiaux, Director, Societe Nationale

Proposed Schedule of Visit
for Mr. McNamara

CONGO/KINSHASA

Thurs., Feb. 13	11:00 15:00	Arrival Kinshasa on plane of President of Ivory Coast.
		Lunch free.
	15:00	Mr. and Mrs. McNamara courtesy visit with President and Mrs. Mobutu.
	16:00 - 16:45	Meeting with Minister of Finance Mr. Nendaka.
	17:00 - 17:30	Meeting with Secretary General of Ministerial Economic Commission and Ministers of Finance Nendaka, Transport Nzeza, Public Works Ilunga, and Agriculture Litho, and Governor of National Bank Ndele.
	18:00 - 20:00	Free
	20:00	Official dinner with President Mobutu.
Fri., Feb. 14	08:30	Aboard Presidential boat for business talks with President Mobutu and appropriate ministers.
	12:00 - 13:30	Luncheon on board.
	13:30	Leave Presidential boat.
	13:30 - 14:15	Free.
	14:15	Departure by Caravelle for Lubumbashi accompanied by appropriate mining officials for briefing of Mr. McNamara during flight.
	16:30	Arrival at Lubumbashi airport.
	16:30 - 17:30	Overflight of Gecom in installations in small plane.
	18:00 - 19:00	Talks with mining officials and Governor of Lubumbashi Province Leon Engulu.
		No dinner engagements for Mr. McNamara should be scheduled.
Sat., Feb. 15	08:00	Departure Lubumbashi for Kinshasa via Caravelle.
	10:15	Arrival Kinshasa airport.
	10:30 - 14:00	Drive by car from Kinshasa airport through Thysville to agricultural research station Mvuazi.
	14:00 - 16:00	Discussions with research station management (Congolese) and farmers and brief visit of the installations.
	16:00	Return to Kinshasa by helicopter.
	17:00	Arrival Kinshasa.
	17:00 - 20:00	Free.
	20:00	Official dinner.
Sun., Feb. 16		Early morning free.
	10:30	Departure for Brussels on SN522.

Proposed Schedule of Visit
for Mr. McNamara

CONGO/KINSHASA

Thurs., Feb. 13	11:00 15:10	Arrival Kinshasa on plane of President of Ivory Coast.
		Lunch free.
	15:00	Mr. and Mrs. McNamara courtesy visit with President and Mrs. Mobutu.
	16:00 - 16:45	Meeting with Minister of Finance Mr. Nendaka.
	17:00 - 17:30	Meeting with Secretary General of Ministerial Economic Commission and Ministers of Finance Nendaka, Transport Nzeza, Public Works Ilunga, and Agriculture Litho, and Governor of National Bank Ndele.
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	20:00	Official dinner. <i>S</i>
Sun., Feb. 16		Early morning free.
	10:30	Departure for

VISITE OFFICIELLE

**de Monsieur le Président
de la Banque Internationale
pour la Reconstruction et le Développement
et de Madame Mc Namara**

**en République Démocratique du Congo
du 13 au 16 février 1969**

JEUDI 13 FEVRIER 1969

- 11 heures Arrivée à Kinshasa venant d'Abidjan à bord de l'avion du Président de la Côte d'Ivoire.
- 12 h.30 Déjeuner privé.
- 15 heures Visite de courtoisie à Monsieur le Président de la République et Madame MOBUTU à la Résidence.
- 16 heures à 16 h.45
Entretien avec Messieurs le Ministre des Finances du Budget et du Portefeuille au Cabinet du Ministre, Bd. du 30 Juin.
- 17 heures Entretien avec Messieurs le Ministre des Finances, le Ministre des Transports, le Ministre des Travaux Publics, le Ministre de l'Agriculture, le Gouverneur de la Banque Nationale du Congo et Monsieur le Secrétaire Général de la Commission Miniérielle Economique et Financière, à l'Hôtel du Gouvernement, Bd. Tilkens.
- 20 heures Dîner offert par le Président de la République et Madame Mobutu, au Restaurant de l'O.U.A.

VENDREDI 14 FEVRIER

- 8 h.30 Séance de travail sur le fleuve à bord du yacht présidentiel avec le Président de la République entouré des ministres intéressés.
- 12 heures Déjeuner à bord.
- 14 h.15 Départ en hélicoptère de Monsieur Mc Namara vers l'aéroport de N'Djili.

14 h.30

Départ par Caravelle de Monsieur Mc Namara pour Lubumbashi, accompagné de ses collaborateurs et de deux membres de la Direction de la Gécomine pour le Katanga.

16 h.45

(17 h.45 locale) Arrivée à Lubumbashi. Entretien avec le Gouverneur de la Province du Katanga et les Dirigeants de la Gécomine.

20 heures

Dîner. privé.

SAMEDI 15 FEVRIER 1969

- 7 heures Survol des installations minières de la Gécomine à Likasi (éventuellement Kolwezi) à bord d'un DC 3 ou DC 4.
- 9 h.30 Départ pour Kinshasa
- 11 h.30
(10 h.30 locale) Arrivée à Kinshasa et départ au choix, de M. Mc Namara et de sa suite, soit vers la station de l'Inéac à Mvuazi, soit à Kisantu, soit un survol du site d'Inga.
- 17 heures Retour à Kinshasa.
- 20 heures Dîner offert au Restaurant de l'O.U.A. par Monsieur le ministre des Finances et Madame Victor Nendaka.

DIMANCHE 16 FEVRIER 1969

- 10 h.30 Départ pour Bruxelles par Sabena Vol. SN 522.

DRAFT STATEMENT ON ARRIVAL IN KINSHASA

I am extremely pleased that, on the occasion of my first visit to Africa south of the Sahara [as President of the World Bank,] I am able to come to the Democratic Republic of the Congo. I would like to extend to President Mobutu my warmest thanks for his very kind invitation.

During this visit, I look forward to [spending as much time as I can in seeing something of your country and to learning] at first hand about the significant progress that has been made here in the field of economic development. At the same time I expect to be able to further my understanding of how the World Bank can become a [still] stronger partner in your country's progress. This is, after all, a nation of enormous potential, and we are anxious to help you see that potential realized for the benefit of all your people.

The Bank has not been very active here in the Democratic Republic for a variety of reasons in recent years. But this is something I hope to change. I told the Governors of the Bank at our last Annual Meeting in September 1968 that we intend to triple the volume of our lending in Africa over the next five years. I sincerely hope and indeed intend, that this country will be a beneficiary of our expanded effort. Our best efforts and your willing cooperation can make this hope a reality.

There are therefore a variety of matters of mutual interest and concern to discuss here. My meetings with the dis-

tinguished leaders of the Democratic Republic will enable me to familiarize myself with the problems and opportunities that they face in leading this great country along the path to prosperity. It will make this visit most interesting for me, and, I am confident, mutually constructive as well.

Departure Statement - Kindasa

Feb 29

As I leave the Congo after an enthralling visit I wish first of all to send my thanks to President Mobutu who so kindly invited me here, and who gave me so much of his time. In his toast at dinner the President was kind enough to refer to me as one who had in the past proved himself a friend. May I say that I hope, in the future as President of the World Bank, that I can again prove a true friend of this country with all its great potential.

I came to Africa to find out for myself what are the requirements for development, and how the World Bank can assist the African nations to meet those requirements. That was ~~was~~ the objective of my visits to Senegal and the Ivory Coast—it is being my objective here.

As I told the Governors of the Bank last September the requirements for development capital in Africa have been growing and the ability of African nations to utilize such capital effectively has been increasing. Therefore we are planning to increase Bank Group lending to Africa by about three times. It is my ~~own~~ sincere hope that this country will share fully in this increased activity.

I have been deeply impressed during my whole African tour by the great possibilities of agricultural development, and I am glad to report that the World Bank in cooperation with the FAO has just sent a mission to this country to examine the possibility of a loan for the development of your agriculture. Such an investment would contribute directly to the health and happiness of the great majority of your people who work on the land. In addition, the Bank is studying in detail the possibility of financial support for rehabilitation and expansion of your transport system.

In my few days here I have seen enough of your country to know that you can move forward and develop at a pace which will be ~~an~~ exceptional even for Africa. I can only hope as I take my leave that the World Bank will be able to be a partner with you in this steady progress towards a nation united by a prosperity which is shared amongst all your people.

BASIC DATA

Area: 2.35 million sq. km.

Population

1956/57	12.8 million
1967 (estimate)	16.8 million

Average density	7 inh./sq.km.
Population growth rate (estimate)	2.3 % per year

Gross Domestic Product

(at 1958 prices, except for 1959 which is in current prices)

in million Z

	<u>1959</u>	<u>1964</u>	<u>1966</u>
- at factor cost	59.5	51.9	55.8
- at market prices	65.1	59.8	67.8

by branch (%)

Agriculture, forestry and fishing	32.5	26.4	21.5
Mining and metallurgy	15.7	14.1	15.2
Manufacturing	6.1	7.1	7.2
Power	1.6	0.7	0.9
Construction and Public Works	3.4	2.0	2.6
Transportation and telecommunications	7.8	6.2	6.4
Commerce	8.4	14.8	16.1
Services	9.6	12.2	12.0
Government	14.9	16.5	18.1

GDP per capita

(1966 at current prices)

US\$ 80

GDP growth rate

1959-1966 (constant prices)

0.6%

1964-1966 (constant prices)

6.5%

Estimated balance of payments

(1967, US\$ million)

Exports, f.o.b.	445.5
Imports, c.i.f.	-232.9
Services (net)	-136.2
Private transfer payments (net)	- 44.8
Public transfer payments (net)	- 10.3
Private capital (net)	34.2
Public capital (net)	12.0
Errors and omissions (net)	- 3.4
Monetary reserves (-increase)	- 64.1

Dissect
 1. cause of decline of agric
 prod (50% in 1967) +
 outlook for future
 v. his memo on Nigeria
 3. econ. integration in Africa
 4. why does long wait
 for commodity in Zaire
 5. who is the person we can
 talk to in Zaire
 willing to meet in Paris or
 come to Kinshasa

Commodity concentration of exports (1967)

60% copper

Net foreign assets

(US\$ million - end of October 1968)

160.8

Government revenues and expenditures

(Z million)

	1967		1968	
	1st half	2nd half	1st half	July-Oct.
Current revenue	28.0	66.4	93.4	65.1
Current expenditures	34.0	59.7	82.4	
Current surplus/deficit	- 6.0	6.7	11.0	59.4 ?
Capital expenditures	7.9	7.2	16.2	
Overall surplus/deficit	-13.9	- 0.5	- 5.2	5.7

Monetary Survey

Currency equivalents

- from November 9, 1963
to June 23, 1967

US\$1 = Congolese Franc
180 (selling rate)

US\$1 = Congolese Franc
150 (buying rate)

- after June 23, 1967

US\$1 = Zaïre 0.5

	June 1968	Rate of growth (1964-67)
Money (Z million)	144.2	31.5 %
Domestic credit (Z million)	111.1	19.4 %
Retail prices at Kinshasa (index) June 1960 = 100	1,293.4	33.5 %

External public debt (June 30, 1968)

Total debt
of which disbursed

US\$ 398.3 million
US\$ 362.1 million

Debt service ratio (1967)
including private suppliers' credits

4.4 %

CONGO (KINSHASA)

Political outlook

1. After five years of internal strife, ineffective governments and administration, declining production, deteriorating public finances and inflation, General Joseph Désiré Mobutu seized power as President in November 1965. He has since provided an element of stability and of continuity which had been previously lacking. The coup of November 1965 is, hopefully, to be seen as the start of a new epoch rather than just one more incident in an interminable series of crises. The Army, Mobutu's major strength, has remained loyal to the regime and succeeded by early 1968 in restoring law and order throughout the country. The old political parties have been abolished in favor of one single party, which is now established as the MPR (Mouvement populaire de la révolution).

2. General Mobutu's aim is to make of the Congo a unified Nation; and to give it its place in Africa. He wants to give the impression that the Congo is not committed to either the Western or Eastern blocs. In this respect, he has resumed diplomatic relations with countries like USSR, Bulgaria and Yugoslavia and in June 1966, officially rehabilitated Patrice Lumumba as the "first martyr" of independent Congo. He has, however, opposed any recognition of Red China and its admission in the U.N.

3. General Mobutu wants a stable Congo where former economic activities will be progressively resumed and where economic development will not be a vain hope. The regime courageously applied the measures recommended by the International Monetary Fund associated with devaluing the Congolese franc, limiting price increases and liberalising foreign trade. The General was apparently impressed during his visit last year to Ivory Coast by the achievements of this country and by the cooperation existing between Ivory Coast and France. He would like to establish such type of relationship between his country and Belgium. In spite of Mobutu's so-called "socialism" and "lumumbism" he advocates a free enterprise society and, to this end requests, and in practice obtains full support not only from the U.S. Government which is convinced that there is no workable alternative to the Mobutu regime, but also from Belgium. His private visit in June last year to the King of Belgium shows further thawing of Congolese Belgium relations. General Mobutu has decided to organize an international fair in Kinshasa from June 30th to July 21st, 1969, which would be primarily open to Belgian enterprises to stimulate private investments in the country. In spite of the Union Minière question, he has great expectations of cooperation from the Belgian private sector. He very much hopes that they will support the proposed development finance company, Société Congolaise de Financement du Développement.

when
result

what
will be
stipulated?
Belgium

4. Congo (Kinshasa) is a "buffer state" in Central Africa and General Mobutu wishes to have a leading part in this area. This is why he tried to launch UEAC (Union of Central African States, see brief on International Economic Cooperation). He agreed to stay in OCAM (Common Organization of Afro-Malagasy States, see brief on International Economic Cooperation) hoping to counterbalance the French influence. He is friendly with Tanzania and with Zambia (he has obviously many reasons to follow with care the evolution of the latter country). He may see himself as a bridge between English and French-speaking countries. So far as can be judged, General Mobutu's regime will continue to consolidate itself until the legislative and presidential elections of December 1970.

THE ECONOMY

1. In spite of its rich natural resources and great potential, the Congo is still a poor country, with a per capita GDP of \$80. Mining and metallurgy play a leading role in the economy. Manufacturing, predominantly foreign-owned, is relatively important, and transportation, because of the country's size, is a key element in the economic process.

2. The country became independent from Belgium in 1960, under very difficult circumstances. Mutinies and rebellions, which followed almost immediately upon independence, threatened to balkanize the country, and resulted in a mass exodus of Belgian civil servants, as well as of a great deal of the foreign civil population. From nearly 13,000 in 1960, the number of Belgian technicians in the administration dropped to less than 100 right after independence. Plantations were deserted, and agricultural production reverted largely to subsistence. Only mining and manufacturing, entirely in the hands of foreign concerns, withstood the shock of independence.

3. In 1966, gross domestic product probably exceeded its 1959 level by only 5 percent, but since independence, considerable changes had taken place in the structure of national output. The share of agriculture, forestry and fishing in GDP had declined from 33 to 25 percent. Consequently, exports of agricultural commodities (primarily palm oil, coffee and rubber) declined sharply. They are now at less than 50 percent of their level in 1959. Export of cotton has ceased altogether, and Congolese spinning mills now have to import a considerable part of their raw material. Production of minerals, on the other hand, has in general maintained its 1959 level. Copper output even increased from 281,000 tons in 1959 to 330,000 tons in 1968; it now represents nearly 60 percent of commodity export proceeds. Industrial output, finally, has continued its expansion through the post-independence period. In 1966, the index of industrial production was 16 percent higher than in 1959.

4. The post-independence period was characterized by increasing Government deficits, rising prices, decline in foreign exchange reserves, and exchange controls. On two occasions, in 1961 and 1963, the Congolese currency was devalued, but the situation did not basically improve. In June 1967, a stabilization program was introduced under IMF auspices. It is the most important economic decision taken so far under the Mobutu regime. It has given the Congolese currency a more realistic value, improved somewhat incentives to export, greatly increased government revenues and paved the way for gradual dismantling in import and other controls which were operating inefficiently and giving rise to considerable corruption. Partly as a result of this reform, but more largely as a consequence of very favorable copper prices, the balance of payments has improved and net foreign exchange reserves have risen from \$39 million in June 1967 to slightly over \$160 million in October 1968. In spite of the

relaxation of internal price controls, internal prices now seem to have more or less adjusted to the post-devaluation exchange rate and to be approaching stability. The black market rate of the Zaire is within 8 percent of the official value.

5. However, toward the end of 1967 and in the first half of 1968, there were signs of a renewed deterioration in public finances. The larger revenues generated by the monetary and fiscal reform proved a temptation to excessive and unproductive expenditures. Although 10 percent of government revenues had been earmarked under the June 1967 reform for the financing of investment, there was little or no sign that these funds were being used for productive purposes. The deterioration in public finances was attributable partly to deficient budgeting, but more largely to an almost complete lack of control over the contraction of expenditures commitments. A large volume of extra-budgetary expenditures was authorized, particularly by the President's office.

6. Partly owing to representations by the Bank and the Fund, the government began, in May 1968, to take measures designed to correct a situation which threatened renewed deficits and had already led to a substantial amount of ill-considered expenditures. Ceilings were imposed on expenditures, and although these were not very effective initially, they seem gradually to be restoring a balance between outlays and receipts. For 1969, a provisional budget has been drawn up which covers in a more comprehensive manner all government outlays, including those by the President himself. A team of five Belgian experts has been installed in the Ministry of Finance to improve procedures for budgeting and expenditure control and to advise on taxation. Finally - and most important of all - more effective control has been established over commitments. In the future, the Ministerial Financial and Economic Committee will have to approve the investment budget, as well as all new projects and the placement of orders above a certain minimum. This increased discipline is all the more necessary since government revenues are presently abnormally high under the influence of the unusually favorable cover price prevailing in the first half of 1968, but are likely to decline in the course of 1969.

7. Foreign aid flows to the Congo since independence have been considerable. For the period 1965-67, they have been estimated at slightly over \$80 million per year, consisting to a very large extent of technical assistance and commodity aid. Nearly half of the aid came from the United States and one-fourth from Belgium. Project aid has so far been very limited, but due to an expected increase in the activity on the part of the European Economic Community, as well as to a shift of American aid into projects, the relative importance of the latter category of aid can be assumed to increase in the years ahead. Total aid flows will, however, probably go down. It is to be expected that, with the restoration of confidence in the economy, private investment will increase. The latest liberalization measures announced by the National Bank regarding the transfer of profits will help in bringing about such a climate of confidence.

INTERNATIONAL ECONOMIC COOPERATION

1. Congo is a member of the Association Convention which links the six member countries of the European Community with a number of African countries. Under the terms of this convention, signed at Yaoundé in July 1963, the associated states benefit from tariff preferences on the import of their products in the EEC, and receive considerable amounts of foreign aid. In return, the associated countries have agreed to abolish all tariff discrimination between the Six and to gradually eliminate the part of import duties which is considered as protective. The Convention will expire on June 1, 1969, and discussions about its renewal are under way.
2. Congo is also a member of the Common Afro-Malagasy Organization (OCAM). This association groups most French-speaking countries in sub-Saharan Africa; its purpose is to foster political and economic cooperation among the member countries. One of the elements of economic cooperation is the acceptance by the OCAM members of a sugar agreement whereby they accept to import at a preferential price a large part of the sugar production of Congo (Brazzaville) and Madagascar.
3. Since 1959 the four countries that had comprised the Federation of French Equatorial Africa - the Central African Republic (CAR), Chad, Gabon and Congo (Brazzaville) - have remained linked in a customs union. In 1966 this union was widened to include Cameroon, and was transformed into an economic union (UDEAC). In April 1968, Chad and CAR announced their decision to leave UDEAC and to join instead in a union with Congo (Kinshasa). This decision would have had wide-ranging effects on the economies of the remaining UDEAC partners, especially Congo (Brazzaville) which is a large exporter to Chad and CAR. The new union with Congo (Kinshasa) - UEAC - was to have gone into effect on January 1, 1969, but a few weeks ago CAR has announced its decision to re-enter UDEAC and to temporarily abandon the idea of a customs union with Congo (Kinshasa). Chad's position is at present still somewhat unclear. One consequence of the announced creation of UEAC was a continued deterioration in the relationship between the two Congo's. This, combined with a political incident regarding a former Congo (Kinshasa) leader, finally led to the rupture of diplomatic relations between the two countries.

CONGO (K)

STATUS OF OPERATIONS

The Economic Committee endorsed the recommendations of the Eastern Africa Department based on the 1968 de Wilde mission that main priorities of Government policy and actions should be:

- A. Rehabilitation, especially of infrastructure, as distinct from new investment;
- B. Improved public financial management;
- C. Improved management and operation of Government services and enterprises.

In line with these priorities operations currently under consideration are the following:

I. Transport Sector:

a) Ports and River Transport. Proposals were received on January 20th from consultants wishing to carry out a study of ports and river transport, intended to assist the Government in planning and implementing measures to increase the efficiency and capacity of OTRACO, and of the "Service des voies navigables", which between them operate the main river transport services. OTRACO also operates the ocean port at Matadi and the railway linking Matadi with Kinshasa. The consultants to be chosen will review the internal organization, staffing and administrative procedures of both agencies, and will make recommendations on improvements in their organization and financial management, including possibly their merger, and on action programs required to implement recommendations and to set up a 1970/72 investment program based on minimum needs for rehabilitation of ports and river transport system. The project would also involve a staff training program. The project will be financed by UNDP with the Bank as the executing agency of the project. Work is expected to start in March or April.

b) Highways. A highway technical assistance and maintenance project which was appraised in August 1968 would consist of:

- (1) consulting services at Headquarters in Kinshasa and in the regional offices of three major provinces (Kongo Central, Kasai occidental and Province orientale) to assist the Government in improving highway administration and carrying out efficient road maintenance and rehabilitation work for a period of about 2½ years;
- (2) purchase of emergency supply of spare-parts, vehicles, materials and maintenance equipment;
- (3) the execution of a limited number of emergency maintenance and rehabilitation works by contract.

Consulting services at headquarters will be financed by UNDP, with the Bank as Executing Agency. Consulting services in the regional offices, as well as items (2) and (3) will be financed under the proposed IDA credit.

Proposals have been received from consultants regarding part (1) of the proposed project. One single contract will be prepared and negotiated with the firm that is selected, whether the consulting services are to be financed under UNDP or the proposed IDA credit.

The invitation to negotiate the IDA credit is expected to be issued by February 7 with a view to concluding credit negotiations and parallel negotiations on the UNDP Plans of Operation in March for Board action in April.

Mr. de Lusignan will arrive in Congo (K) via Paris on February 3 to help the Government prepare for these negotiations and to expedite the arrangements for a team of experts for the Secretariat of the Economic and Financial Interministerial Committee (see Section IV below).

II. Agriculture:

An FAO/IBRD cooperative program mission will arrive early February in Kinshasa to identify agricultural projects that could then be prepared for Bank/IDA financing. The mission will give particular attention to the following:

- a) restoration of industrial plantations (tea, pyrethrum, oilpalm);
- b) peasant agriculture, promotion of specific industrial crops (cotton, oilpalm);
- c) increased food production (maize, rice) near urban centers of Kongo Central, South Katanga and Kasai oriental;
- d) agriculture credit;
- e) inland fisheries;
- f) livestock;
- g) agricultural education.

III. Development Finance Institution:

The Bank has agreed last summer to assist the Government in establishing a development finance institution that would provide medium and long-term financing for creditworthy private and mixed enterprises engaged in manufacturing and in any other productive economic activities. A work group in Kinshasa comprising representatives both from the Government and private business communities are now at work on the preparatory steps for the establishment of this institution, including the articles of agreement and other basic documents, in close consultation with the Bank group. ✓

IV. Technical Assistance, Presidency of the Republic's Office:

During the economic mission, the Congolese Government has requested assistance from the Bank to have a team of experts within the Presidency of the Republic's Office to assist the President's principal advisors in the elaboration, coordination and supervision of an urgent program designed to rehabilitate the economy. This team of experts would be in a sense the Secretariat of the Economic and Financial Interministerial Committee whose President is Mr. Bomboko, the Minister of Foreign Affairs, and whose Secretary General is the President's principal advisor, Mr. Bisengimana. This Group would consist of five experts and would mainly review the annual investment program and individual investment program.

This project is under consideration for a Bank technical assistance grant of \$200,000 towards foreign exchange costs. The French Government is likely to contribute the same amount, also for foreign exchange costs. The Congolese Government agreed to meet all local costs and has been asked to cover any balance of foreign exchange costs. The Government has agreed to the choice of the French consulting firm proposed by the Bank, i.e. SEDES, to recruit and backstop the team on which SEDES has agreed to include some non-French nationals.

CONGO (K)

A. Questions likely to be raised by Congolese authorities

1. Kinshasa - Port Franqui railway

The Congolese Government attaches great importance to the construction of this rail-link which would make it possible to evacuate all Katanga's copper production and part of the Zambian production via Matadi. Estimates regarding the cost of the project range between US\$100 and 250 million.

Thus far the Bank has taken a strong stand in arguing that:

- (1) the rehabilitation of the existing transport network should take precedence over any investment in the new railway link;
- (2) the economic justification of the project remains to be proven; this justification would have to be considered in a regional perspective, with due account of already existing or envisaged competing transport routes in Zambia, Tanzania and Angola; in the meantime Congo should resist any pressure from suppliers to go ahead with the project.
- (3) the Government ought to explicit its intentions not to go ahead with the construction of the railway link in the immediate future, so that investment plans in alternative means of transportation (Otraco and BCK) would not be affected by the uncertainty regarding the railway; uncertainty in this respect could possibly impede the work of the UNDP financed consultants team in Otraco.

2. Other transport projects

In case a question is raised on other possible transport projects we should reply that:

- (1) with respect to roads, one of the responsibilities of the team to be seconded to the Ministry of Public Works will be the preparation of a long-term plan of action for maintenance, rehabilitation and construction; this study should lead to the definition of further priority programs, possibly to be financed with Bank assistance.
- (2) with respect to river transport the major bottleneck seems to be one of organization and management; although the technical assistance team in Otraco and Voies Navigables will also prepare an investment plan for 1969-71, it seems likely that no major investment outlays will be required.

3. Agricultural projects

There is presently in the country an agricultural mission from the FAO/IBRD cooperative program. It is not possible yet to tell what projects will be identified by this mission, but it is likely that the most concrete proposals advanced by the mission will be in connection with the restoration of industrial plantations; implementation of projects in other agricultural fields will require longer preparation.

4. Financing of new basic industries

The Congolese Government, with financial assistance from FED and Italian suppliers is presently executing a large hydro-electric project in the neighborhood of Kinshasa (Inga). The generating station, which will have an initial capacity of 150 MW will start production in early 1972. The Congolese Government expects that a number of basic industries - including a steel mill, a fertilizer plant and a caustic soda plant - will be attracted by the cheap power. Mr. McNamara might be asked whether the Bank could provide financial resources for the execution of some of these projects. We should answer that Bank Group participation in any of these projects would depend on our judgment regarding the feasibility of each individual project and on the availability of a promoter.

5. Establishment of an IBRD regional office in Kinshasa

Although the Congolese Government is probably not very clear on the difference between a "regional office" and a "resident representative", it is likely that the question of the Bank sending a permanent envoy to the country will be raised.

We should draw the attention of the Congolese authorities to the fact that our Permanent Mission in Eastern Africa (Nairobi) covers Congo (in fact a member of the Nairobi office - Mr. Groenveld - is presently in Congo with the FAO/IBRD agricultural team). We could add that the question of sending a resident representative to Congo is however being considered in the Bank.

B. Questions to be raised by Mr. McNamara

1. Public finance and investment

Congo's economic situation has improved considerably since the time of the monetary reform in June 1967. Foreign exchange controls have largely been dismantled, incentives to export have increased and the currency has been given a more realistic value. At present the black-market rate of the Zaïre is close to its official value.

Public finance remains, however, a weak spot. Although current receipts have been unusually high, both as result of the monetary reform and consequently upon an unusually favorable evolution in copper prices, the Government has had to borrow occasionally from the Central Bank. It is true that in the last few months the Congolese authorities have taken important steps to keep expenditures within certain ceilings, but the part of financial resources channeled into productive purposes has remained limited.

The public finance situation could become precarious again in the coming year when the level of fiscal receipts is likely to be lower than in 1968 and when the Government will have to participate in some foreign-financed investment projects.

2. Other possible fields of Bank Group intervention

Mr. McNamara could draw the attention of the Congolese Government officials upon other areas in which our institutions are active. Especially education could be mentioned in that respect.

Additional note

The Eastern Africa Department has just been informed that three important economic missions will visit Congo in the near future.

- (a) a mission of the Belgian Foreign Trade Organization will be in Congo from February 18 to the beginning of March; this mission will be led by Prince Albert, King Baudouin's brother;
- (b) a mission of French industrialists led by Mr. F. Peugeot will visit Congo from February 3 to February 11;
- (c) a mission of the Manchester Chamber of Commerce will go to Kinshasa on February 9 and stay in the country until February 22.

These three missions highlight the fact that foreign investors seem interested in Congo.

Mr. McNamara - to see, please.
RBS 1/29

Files

January 29, 1969

A. Broches

Belgian staff members

The professional staff of the Bank numbers 776 of whom 15, or approximately 2%, are Belgian nationals.

For budget presentation the staff is divided into three broad categories, junior, intermediate and senior. The total number in each category, the number of Belgians in each category, and the Belgian percentage of total staff in each category are as shown below.

	<u>Junior</u>	<u>Intermediate</u>	<u>Senior</u>
Total:	212	311	253
Belgians:	6	8	1
Approximate percent:	2.9%	2.7%	0.4%

IFC has 71 professional staff members. There are no Belgians among them.

h

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: January 30, 1969

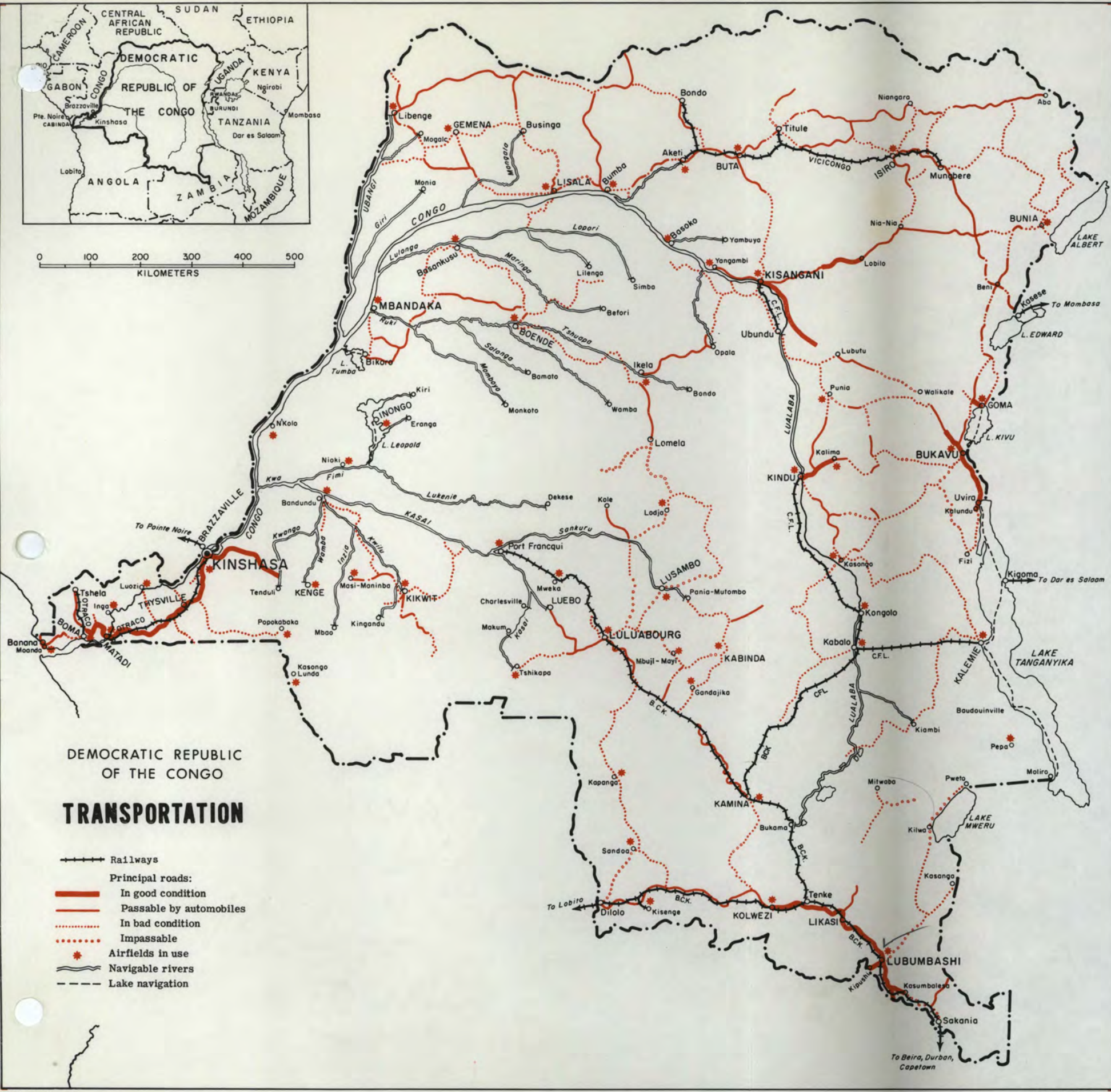
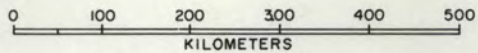
FROM: William Diamond *W*SUBJECT: CONGO (Kinshasa): Status of Proposal to Establish a
Development Finance Company (Brief for
your Forthcoming Visit)

1. In July 1968, you agreed, in a letter to President Mobutu, that the Bank Group would assist the Congolese Government in the establishment of a development finance company and consider financial assistance to it.
2. In September 1968, during a visit by a mission from this Department, a local Steering Committee was set up, under the auspices of the Central Bank, comprising two representatives of the Government (Central Bank and Ministry of Finance) and eight representatives from various private business communities. The names of the key personalities are attached.
3. The Bank has since then been working actively with the Committee on various matters in preparation for the actual establishment of the company (provisionally named SOCOFIDE: Societe Congolaise de Financement du Developpement), such as draft articles of agreement, policy statement, agreements with the Government, etc. Discussions on these matters are still likely to require some time, and several missions from the Bank will be needed.
4. At the Government's express wish, the company is expected to have a majority of private ownership, including an investment by IFC, and loans from the Bank (forecast, here, at \$3 million in FY 1969/70, \$7 million in FY 1970/71, and \$10 million in FY 1972/73) are envisaged. The company will assist productive, businesslike, enterprises in any economic sector, but with special emphasis on manufacturing industry.
5. A problem of general nature must be resolved before the Bank can start inviting foreign investors to invest in SOCOFIDE, namely satisfactory progress towards settlement of the Union Miniere dispute. A second problem, also of general nature, concerns present uncertainties about private land and property ownership in the Congo, for properties acquired prior to independence. Unless clear ownership rights are established, it could become very difficult for the proposed company to obtain mortgages and other property-based security for loans of any real value. The matter has been pointed out to the Government on several occasions, but we do not know if any steps have yet been taken to clarify the matter. *Stated?*
6. Mainly because of these problems, it is not possible to say how soon the SOCOFIDE can be established, but it is not likely that this will happen in calendar year 1969.

Attachment

ESekse/WDiamond:vmh

cc: Messrs. Halbe, de Wilde, Kreuter



DEMOCRATIC REPUBLIC OF THE CONGO

TRANSPORTATION

- Railways
- Principal roads:
 - In good condition
 - Passable by automobiles
 - In bad condition
 - Impassable
- Airfields in use
- Navigable rivers
- Lake navigation

NOVEMBER 1968

IBRD-2356R



BIOGRAPHY

Lieutenant Général Joseph MOBUTU

*Bright, stable, shrewd,
tough-minded, warm, proud,
poorly educated + inexperienced
in administration.
children in school
personal relations
slips. Fairly
+ complimentary
approach devoted
to his interests
? his people
his wife
country with
membership
(for the long?)
personal
competition*

Général Mobutu was born in a little village opposite Bangui in the North-West of the Congo in the Equateur Province in front of the Central African Republic, from the same tribe as the present President of Central African Republic, General Bokassa. He is 38 years old, is married and has seven children (3 boys and 4 girls). He is a devout Roman Catholic but considers his religion a completely personal matter and it is never evident in his public life. He believes in self-discipline, is moderate in his personal habits and lives in comparative austerity. He is in good health, does not smoke and rarely drinks hard liquor. Mobutu likes to consider himself a man of fine taste and in his home he plays records of his favorite composers, Mozart and Bach. He is an enthusiastic outdoorsman and enjoys football and soccer. He runs a farm at his Nsele estate from which he derives much pleasure.

After primary and secondary education at the missionary school, he was enrolled for seven years at the age of 19 in the army. He left the army with the rank of Sergeant and turned to journalism. He worked for a daily newspaper "L'Avenir" and a weekly "Actualités africaines" of which he later became editor. At the same time, he enters politics and joins Patrice Lumumba's Mouvement National Congolais (MNC). He became very close to Patrice Lumumba and went with him to Brussels to attend the Round Table conference of Congolese leaders in January 1960 where Lumumba's ideal of an unitary Congo State was accepted by Belgium.

After independence, Lumumba appointed Mobutu Chief of Staff of the Congolese army with the rank of Colonel. In the first weeks of independence, Mobutu established himself as the country's most outstanding Congolese Officer, trying to restore discipline to an army which had mutinied. Mobutu was practically forced to turn himself against Lumumba due to the intricate political situation which developed between July and September 1960. In September, Mobutu became Commander, Chief of the army and made his first coup in dismissing the Government official machinery and in appointing 15 university graduates and Congolese technicians to run the country. These appointees were known as the Collège des Commissaires. In February 1961, the Collège was disbanded. A constitutional Government was re-established and Cyrille Adoula (now Ambassador in Washington) was appointed Prime-Minister, Mobutu turning his talents to restructuring and consolidating the Congolese army now renamed Armée Nationale Congolaise (ANC).

Until 1965, he was an army man showing himself at the dangerous places and trying to make of the ANC an organized and disciplined 20.000 men force. Seeing that the political parties could not come to an agreement to organize Congo on a sound and efficient basis and were not dedicating themselves to the national cause, Mobutu seized power a second time in November 1965. No force could oppose him and he could brush aside the existing executive. This time, he decided to declare himself President, to take away most of the Parliament's legislative authorities which were however restored some time later in 1966. He swept out all political opposition and established a new presidential constitution and a single party, the Mouvement Populaire de la Révolution (MPR). He first ran the country with a Prime Minister, General Mulamba; he then dismissed him in October 1966 and took full executive powers having in addition control of the army, the police and the national defence.

BIOGRAPHY

ⁿ Justin Marie BOMBOKO
Minister of Foreign Affairs

*An cycle politician. Antagonistic
to State Adversity.*

Mr. Bomboko has succeeded in remaining Minister of Foreign Affairs in every government since independence, except Tshombe's.

He was born in 1928 in the province of Equateur, attended local elementary and secondary schools and from 1945 to 1951 went on to study public administration at what later became Lovanium University. From 1952 to 1955, he was a clerk in the Provincial Administration at Coquilhatville (today Mbandaka) where he was editor of the newspaper "Mbandaka". In 1956, he went to the Free University of Brussels and became affiliated with the Belgium Liberal Party. Mr. Bomboko was in fact one of the very few university students of the Congo before independence. During his stay in Brussels he was President of the General Union of Students of Belgium Congo and Rwanda-Urundi. He was also a research worker at the Institute Solvay in Brussels. He returned to the Congo in 1959 and became closely associated with Inter fédérale, a movement to unite the immigrant tribes in the Leopoldville Province. He first became Minister of Foreign Affairs in the Lumumba government. He managed, virtually alone among major Congolese politicians, to elude violent controversy during the successive crisis and his influence is still great. He is today not only Minister of Foreign Affairs but also Chairman of the Economic and Financial Interministerial Committee. ✓

BIOGRAPHY

✓ Victor NENDAKA

*Extremely cautious; corrupt; unscrupulous;
power hungry; shrewd politically;
vain; boastful; a self-made
man. Demands absolute
obedience & is not to be
trusted in
the slightest
degree.*

Presently Minister of Finance, Mr. Nendaka is a dynamic and skillful politician, who has been an important political force ever since independence. He was born on August 7, 1923 in Uele province and is a Mubua. He is a trained accountant.

Originally an ally of Patrice Lumumba, Nendaka served as vice-president of the former National Congolese Movement political party before independence. He broke away from Lumumba in March 1960, accusing him of extremist allegiances.

During the first Mobutu take over of power in 1960, Nendaka was appointed Sûreté Chief, a position of considerable influence that he held until 1965. In that year, Nendaka resigned to campaign for election to the Chamber of Deputies and in July 1965 he became Minister of Interior in Tshombe's Government. After having served as Minister of Transport in Mobutu's Government until August 1968, he was transferred to the key Finance portfolio because of his reputation as a competent minister.

BIOGRAPHY

Cyrille ADOULA
Ambassador in Washington

*Apparently reliable; an old friend to
minister who wants to return to
the cabinet. Appears devoted to
the interests of his country.
Understands some English.*

Mr. Adoula has been Ambassador of the Democratic Republic of the Congo in Washington since November 4, 1966. He was previously Ambassador in Brussels.

Mr. Adoula was born on September 13, 1921 in Kinshasa, where he went to the Catholic Missionary School of St. Joseph and later became clerk at the Central Bank. He is the son of a dockworker, entered politics as a socialist at an early age and became leading trade unionist in the Congo as Secretary of the General Federation of Congo Workers, the first real trade union allowed by the Belgians before independence.

In 1958, together with Patrice Lumumba, he founded the Mouvement National Congolais (MNC), which, with Joseph Kasavubu's Abako, was the first organized political group in the Congo. However, in July 1959, there was a split within the MNC and Adoula aligned himself against Lumumba with the group of moderates headed by Albert Kalondji.

After President Kasavubu's dismissal of Lumumba, Adoula became Minister of the Interior, until the first coup by Mobutu in September 13, 1960. Mr. Adoula came back to the political scene on August 1, 1961 when he was appointed as the Congo's third Prime Minister. His government represented virtually all factions in the country except that of Mr. Tshombe. Mr. Adoula resigned from the premiership at the end of his mandate in June 1964 after having worked tirelessly for the unification of his country. Since Mobutu took the presidency in November 1965, Adoula who had spent most of his time abroad under Tshombe's regime resumed official functions and became first Ambassador in Brussels.



Record Removal Notice



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Document Date undated	Document Type Annotated biographical memo
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Correspondents / Participants

Subject / Title
Biography Albert Ndele [Congo political figure]

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BIOGRAPHY

Faustin NZEZA

Minister of Transport and Communications

Previously Minister of Economy, Nzeza was made Minister of Transport in August 1968. A graduate electrical engineer (University of Liege), Nzeza had previously distinguished himself in the High Commission for Planning. This 38 year old Minister is a Bacongo and native of Kinshasa. Nzeza was a journalist and a prominent soccer player in the early 1950's. He operates a private building firm in Kinshasa.

Key Personalities taking an active interest in the
SOCOFIDE Project

Smart, knowledgeable
Mr. B. BISENGIMANA, Chief Advisor to the President.

Mr. Bisengimana has been charged, by President Mobutu, with the main responsibility for promoting the SOCOFIDE company, in collaboration with the Bank Group. ✓

Mr. Victor NENDAKA, Minister of Finance.

Mr. Albert NDELE, Governor of the National Bank of Congo (Central Bank).

Key Personalities on the Steering Committee for the
SOCOFIDE Project

Ministry of Finance representative:

Mr. NAMWISI, Directeur du Cabinet, who will normally be represented by Mr. Faustin BIRINDWA, an Inspecteur des Finances and Conseiller du Cabinet.

Mr. Namwisi a man in his early (or middle) 30-s, was until recently a highly trusted staff member of the National Bank, and as Directeur du Cabinet now holds the key position in the Ministry of Finance.

National Bank representative:

Smart, knowledgeable, cooperative. The best technician we met. Speaks English.
Mr. Edouard MAMBU, Chief Advisor to Governor Ndele.

Mr. Mambu (early or middle 30-s) is also a Congolese of high caliber and ability to focus on the real issues.

Commercial banks representatives:

Mr. Jean G. N'SELE, President of the Bankers' Association and President of the Societe Congolaise de Banque (SOCOBANQUE) (40-45 years old). The only Congolese banker in a top position.

Mr. Jacques J. PURNODE, Director General of the Banque du Congo (Societe Generale affiliate), the largest commercial bank in the Congo.

Robert Cayron - managing director of Socomin. Thirty-two years in the Congo. 40 years in the Congo. Well-informed on company affairs. Showed full understanding of operational research + project planning when discussing 10 yr plan of company. Speaks English. Very cooperative.