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Folder ID: 1771036

ISAD(G) Reference Code: WB IBRD/IDA 03 EXC-10-4549S

Series: Contacts - Member Countries files

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

Digitized: <June 28, 2013>

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Melania Laper

Contacts  
Gabon (1968-1979)

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Contacts with member countries: Gabon - Correspondence 01

GABON

GABON

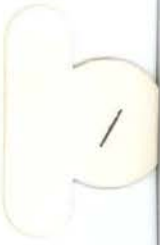
1. 4/16/68 Kassa Mapsi, Minister of Economic Affairs, Development and Planning and Ambassador Leonard Antoine Badinga
  
- 10/1/68 Augustin Boumah, Minister of Finance  
Pierre Fanguinoveny, Commissioner for Planning  
Claude Panouillot, Dir. Gen., Central Bank of African States  
Governor Kassa Mapsi, World Bank
  
2. 4/11/69 Ambassador Leonard Antoine Badinga
  
3. 5/16/69 Georges Rawiri, Minister of State  
Ambassador to Paris Alexis Mbouy-Boutzit  
Pierre Fanguinoveny, Ambassador at Large  
Claude Panouillot, General Manager, Central Bank for Equatorial Africa  
Roland Bru, Adviser to the President of Gabon  
Mr. Julienne, Economic Adviser to the President of Gabon
  
4. 2/13/70 **Ambassador Gaston Bouckat-Bou-Nziengui**
  
5. Jan. 1971 Mr. McNamara's Impressions of Gabon (*Filed in R. McK. office*)
  
- 1/17/71 President Albert-Bernard Bongo  
(Libreville)
  
- 1/18/71 Pierre Silvoz, Director, Compagnie Miniere de l'Ogooue (COMILOG)  
(Moanda)
  
6. 1/19/71 Working Meeting with Government Officials:  
(Libreville)
  - Edouard-Alexis M'Buoy-Boutzit, Minister of Economic Affairs, Trade and Industry
  - Augustin Boumah, Minister of Finance and Budget
  - Paul Malekou, Minister of State in charge of Public Works, Housing and Urbanization
  - Rigobert Landji, Minister of Water and Forestry Resources
  - Jean-Baptiste Obiang-Ekomie, Minister assigned to the Presidency, in charge of Mines
  - Georges Rawiri, Ambassador to France
  - Paul Moukambi, Personal Advisor to the President, in charge of Planning, Development and Statistics
  - Etienne Ossinga, Director of the Department of Water and Forestry Resources
  - Eugene Capito, Director of the Department of Economic Affairs
  - Paulin Ampamba-Gouerangue, Director of the Department of Mines, Power and Hydraulics
  - Robert Fontecave, Economic and Financial Advisor to the President
  - Dominique Casalta, Technical Advisor, Minister of Finance and Budget
  - Claude Panouillot, Director General, Central Bank for Equatorial Africa and Cameroon
  - Robert Julienne, Technical Advisor
  - Robert Vion, Technical Advisor to the President (specifically for the Railway Project)
  
- " President Albert-Bernard Bongo

Others possibly met:

Leon Mebiame, Vice-President of the Government, Keeper of the Seals, and Minister in charge of Justice and Coordination  
Jean-Stanislas Migolet, Deputy Vice-President of the Government, Minister of State in charge of Labor, Social Welfare, and Relations with the National Assemblies  
Francois N'Guema N'Dong, Minister of State, in charge of Agriculture, Livestock, Rural Economy, Hydraulic Resources and Power  
Jean-Remy Ayoune, Minister of Foreign Affairs and Cooperation  
Raphael Mamiaka, Minister of Interior  
Benjamin Ngoubou, Minister of Public Health and Population  
Jerome Okinda, Minister of Education and Culture  
Samuel Minko, Minister of Civil Service and Administrative Reform  
Emile Bibalou Abybouka, Minister of Post Offices and Telecommunications, in charge of Veterans  
Jean Felix Nze Engouré, Minister of Youth, Sports and Arts  
Bonjean Francois Ondo, Minister of Transport and Aircraft, in charge of Tourism  
Simon Essimengane, Minister Delegated to the Presidency, in charge of Information  
Jacques Igoho, State Secretary for Social Affairs  
Martin Bongo, State Secretary to the Presidency, in charge of Missions

7. 6/13/72 Ambassador Gaston-Robert Bouckat-Bou-Nziengui
8. 1/31/73 Georges Rawiri, Foreign Minister  
Bouckat-Bou-Nziengui, Ambassador to the U.S.
9. 9/28/78 Minister of Economy and Planning Anchouey  
Annual Meeting Mr. Mamalepot, Director, Development Bank  
Mr. Mambouka, Ambassador
10. 3/19/79 Ambassador Jose Joseph Amiar
11. 6/14/79 President El Hadj Omar Bongo  
Ambassador Amiar

5/19-  
5/22/81  
(Libreville)



## OFFICE MEMORANDUM

TO: Files

DATE: April 18, 1968

FROM: S. Noel McIvor *nm*SUBJECT: GABON: Mekambo Project

1. Mr. Kassa Mapsi, Minister of Planning, with the Ambassador of Gabon, called on Mr. McNamara today.\* Mr. Kochman and I were also present (Mr. Kochman interpreted).
2. While the visit was a courtesy call, the Minister stressed that its main purpose was to ask Mr. McNamara to take a personal interest in the Mekambo Project and to stimulate the Bank to adopt an active, coordinating role and to bring some pressure to bear on the private steel interests to push the project forward. He said that from 1969, for five years Gabon was setting aside the equivalent of \$4 million a year in their budget for this project. He said that he had felt a lack of activity and interest in the project following circulation of the paper giving Bethlehem Steel's ideas on the project's financing.
3. Mr. McNamara stressed that the key to the project was the attitude of the iron ore mining companies who, of course, had to make the whole project, both the mining and the infrastructure, a justifiable venture. He told the Minister that he would be glad to inform himself further on this project.
4. After the Minister had withdrawn with the Ambassador and Mr. Kochman, Mr. McNamara asked me a few questions about the background, and, in particular, about the attitude of the mining companies. I told him that the UNDP study was not yet quite completed and that further progress could not be expected until the final figures were available. However, apart from that, we felt that the mining companies were not sure that they wished to proceed with the project immediately. On the other hand they would probably not wish to withdraw. Mr. McNamara asked why Gabon does not take some action to force the companies' hands. I said that, as I understood it, there was nothing in the agreement between Gabon and the mining companies that would allow Gabon to bring much pressure to bear on the companies, although no doubt if Gabon tried to line up an alternative group of steel producers this might scare SOMIFER into proceeding more quickly; but it would probably be very difficult to interest another group in the project. He seemed surprised that the agreement should not have had a date for the expiration of Bethlehem's option. I told him that this was the sort of concession that we often found in these developing countries who sometimes entered hastily into agreements that might not be entirely in their own best interests.

\* April 16.

5. Mr. McNamara asked that we look carefully into the agreement between Gabon and the companies to see whether there were, in fact, any sanctions available to Gabon. 1/ He also said that, if it would help, at some stage he would be happy to tackle Bethlehem on this project. I feel that the time is not yet ripe for an approach from Mr. McNamara.

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1/ I have since checked. The facts are: in September 1963 a presidential decree granted SOMIFER a 75-year concession which can be withdrawn if either (i) it is decided (presumably, by either party) not to proceed with the construction of the railroad and/or the exploitation of the deposits or (ii) if the deposits are not exploited within 15 years (after the decision to proceed with the railroad construction and the mining exploitation has been taken). Although this is not a formal agreement between the Government and SOMIFER, the arrangement cannot be cancelled unless the Government changes the legislation applicable to mining concessions, a step which might seriously affect the presently favorable investment climate in Gabon.

cc: Mr. Knapp  
Mr. de la Renaudiere

SNMcIvor:pa





## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: April 11, 1969

FROM: Roger Chaufournier *RC*SUBJECT: GABON: Your forthcoming meeting with the Ambassador

1. The Ambassador of Gabon to the U.S., Mr. Leonard Antoine Badinga, has asked to see you this morning at 11:40 a.m. The Ambassador is coming to deliver a letter from the President of the Republic of Gabon, asking the Bank to consider financing the Owendo-Booué railway. This railway section represents three-fifths of the line which would eventually link the Mekambo iron ore deposits with the sea at Owendo.

2. Faced with continued poor prospects in the near future of getting French, American and other steelmakers to develop the Mekambo iron ore fields which would justify the construction of the Owendo-Mekambo railway (567 km) -- the Gabonese Government wants to build the first part of the line (Owendo-Booué : 330 km); it believes that the section is justified by the transportation of timber only. We have been sceptical about this. But the Gabonese Government is very eager to go ahead with this project. They are earmarking US\$ 4 million a year in a special fund to finance their own contribution to the project. They have obtained from the French consulting firm SEDES, which is presently providing them with railway management advisory services under UNDP financing, a study of the financial and economic merits of the project. SEDES itself recently informed us that the calculations had produced a surprising, but substantial rate of return of 9% to 15% on the basis of timber shipments alone amounting to 1,250,000 tons a year, five years after the opening of the railway. We understand from preliminary discussions with the consultants, that the cost of the Owendo-Booué section is estimated at some US \$80 million, of which the Gabonese Government would be able to finance \$20 million out of funds it is earmarking for the purpose; thus US \$60 million would have to be sought from external lenders and we do not know yet what guaranties the Gabonese Government is proposing to give to foreign lenders for an investment which looms so large in the economy of the country.

3. A mission from the Gabonese Government will be in Washington from May 5 to 10 to discuss this new study. As requested by us, the Ambassador is bringing some papers for advance study by Bank staff.

4. The Gabonese Government has taken similar steps with the French, German, Belgian and Italian Governments and the European Economic Community.

5. I think that all we can tell the Ambassador is that the staff will review the documents received and be prepared to meet with the Government representatives in May.

RChaufournier:sm



AMBASSADE DE LA REPUBLIQUE GABONAISE  
AUX ETATS UNIS

No 391 /AW

WASHINGTON, LE 27 Mars 1969

L'Ambassadeur de la République Gabonaise  
aux Etats-Unis

à

Monsieur MAC NAMARA  
Président de la Banque Mondiale  
1818 H Street N. W.  
WASHINGTON

Monsieur le Président,

J'ai l'honneur de vous informer que j'aurai à vous remettre, très prochainement, une lettre de Monsieur le Président de la République Gabonaise, ainsi que le dossier de prise en considération du Chemin de Fer Owendo-Booué.

Il m'a été demandé de vous faire connaître que ce dossier de prise en considération sera remis à la Communauté Economique Européenne et aux Gouvernements Français, Allemand, Belge et Italien entre le 27 Mars et le 2 Avril 1969.

Je vous prie de croire, Monsieur le Président, à l'assurance de ma très haute et respectueuse considération.



Léonard Antoine BADINGA

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*Mr. McNamara - to see, please.*  
*RBS 5/21*

## OFFICE MEMORANDUM

TO: Files DATE: May 19th, 1969

FROM: X de la Renaudière *X*

SUBJECT: GABON - Owendo - Booué-Belinga Railroad project

1. A Gabonese delegation consisting of Messrs. Georges Rawiri, Minister of State, Ambassador to Paris, Alexis Mbouy-Boutzit, Minister of Planning, Pierre Fanguinovény, Ambassador at large, Claude Panouillot, General Manager, Central Bank for Equatorial Africa, Roland Bru, Adviser to the President of Gabon, and Julienne, Economic Adviser to the President of Gabon called on Mr. McNamara on Friday, May 16. Messrs. Kochman, McIvor and de la Renaudière attended the meeting.
2. The Gabonese delegation handed over to Mr. McNamara a memorandum summarising the position of the government concerning the proposed Owendo - Booué railroad. They emphasized the fact that after several years of discussions with the steelmakers, the construction of the first stretch of the future Owendo Belinga railroad clearly appears to be the only way to advance the timing of the opening of the Belinga iron ore deposits. The Common Market and the French government seem to share the views of the Gabonese and are prepared to make an important contribution to the financing of the project. The project is vital to the Gabonese economy which is bound to experience a long period of stagnation unless the railroad is constructed and timber production can be expanded. The government is determined to go ahead with the project and will contribute about \$20 million over five years. Although the government does not ask that the Bank <sup>to</sup> make a very high contribution to the project, the Bank's position may influence the decision of some of the other lenders. To conclude the delegation confirmed its approval of the study of other alternatives recommended by the Bank staff.
3. Mr. McNamara indicated that the Bank is eager to assist in the economic development of Gabon but of course does not want to mis-invest its resources. The project appears to be marginal if it is based on timber traffic alone. However, Mr. McNamara is glad to note that the government is prepared to undertake the study recommended by the Bank staff and suggests that the whole matter be discussed again in 3 or 4 months when the study is completed.

Xde la Renaudière:ec

cc: Messrs. R.B. Steckhan  
S.N. McIvor  
G.R. Delaume/E. Finquel  
Sir Gordon Mackay/F. Tachibana  
F. Sander  
T. Oursin  
K.C. Sorensen  
G.H. Kreuter/R. Blondel  
Miss Eileen Powell

President has seen

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## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: February 13, 1970

FROM: Roger Chaufourmier

SUBJECT: The Ambassador of Gabon, Mr. Gaston Bouckat-Bou-Nziengui

1. The Ambassador of Gabon will be visiting you at 4:30 today. He was appointed to Washington on January 5, 1970. We have the following information about him.
2. Mr. Bouckat-Bou-Nziengui was born in 1931, he is now married and has three children. He studied in Paris from 1954 to 1960. From 1956 to 1957 and again from 1961 to 1963 he was a member of the Paris staff of the Central Bank (Banque Centrale des Etats de l'Afrique Equatoriale et du Cameroun) and from 1959 to 1962 he studied at the Institut d'Etudes Politiques, Paris. In 1963 he became Assistant Director of the Central Bank in Gabon.
3. In early 1964, there was an attempted coup against the government of President Léon Mba and Mr. Bouckat-Bou-Nziengui became Minister of Justice and Civil Service in the provisional government; when the coup was overthrown, he was imprisoned until sometime in 1966, when he went to Congo-Brazzaville.
4. From September 1967 to January 1968, Mr. Bouckat-Bou-Nziengui attended the IMF Institute course in Central Banking, and from September 1968 to October 1969 he was Gabon's Chargé d'Affaires to Switzerland.

CRWilkinson:mam

President has seen

## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: February 11, 1970

FROM: Roger Chaufourmier *R*SUBJECT: GABON: Owendo-Booué (Belinga) Railroad Project

The attached memorandum is to brief you on the progress of the Bank's review of the Owendo-Booué railway in Gabon as background for

a. your meeting with the newly appointed Ambassador from Gabon to the United States, who is visiting you Friday, February 13 at 4.30 PM. I understand the visit is courtesy, but the Ambassador is likely to inquire about our position on the project.

b. your meeting with Mr. Rochereau, Tuesday, February 17 at 5 PM. You will get a separate briefing for this visit on the question of coordination. I know from Mr. Rochereau personally that he intends to raise the question of the Gabonese Railway. FED has decided in principle to provide financing for the railway; in response to the keen interest of Gabon and of some European Governments FED is likely to urge us to consider participating in the financing. Mr. Ferrandi, the Director of FED told me it would be extremely difficult to arrange the necessary financing without the participation of the Bank. Both FED and the French Government, the most likely providers of soft aid for the project, have pressed us to participate in the form of IDA financing. We have taken the position that because of the scarcity of IDA money, combined with our judgement that Gabon was sufficiently creditworthy, any Bank Group financing would have to be on Bank terms.

Attachment



## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: February 11, 1970

FROM: Roger Chaufournier *R*SUBJECT: GABON: Owendo-Booue (Belinga) Railroad Project

1. The Owendo-Belinga railway project was originally designed to carry iron ore from a major new mine near Belinga to the coast (560 km). The UNDP and the Bank participated actively in preparing the project through to final engineering. The mine concessionaire, SOMIFER (principal shareholder Bethlehem Steel) does not want to open the mine now. It maintains its interest in the deposits but is unable to give a firm commitment with regard to timing and quantity of future production.
2. Transport of timber has long been considered an additional source of traffic for the railroad and an important benefit for the economy as a whole. In an effort to promote at least parts of the project and to encourage SOMIFER to open the mine as soon as possible, the Government is now proposing to construct a railway from Owendo to Booue (333 km) as a first phase of the final line to Belinga. The Government believes that the construction of this section would have a positive impact on the ultimate decision to exploit the iron ore deposits. Its principal economic benefits, however, have to come from the production and transportation of timber. Total costs of the reduced railway project, including investment in feeder roads and port facilities, are estimated at close to \$100 million.
3. This project was presented to the Bank in 1969 on the basis of a report from French Consultants, SEDES. The report concluded that a timber railroad to Booue was feasible. Bank staff was, however, not satisfied with the relative merits of the project if compared with an alternative road construction program for the evacuation of timber. A supplementary study, comparing a rail with a road strategy, was therefore carried out by SEDES during the second half of 1969 and was received in the Bank on January 14, 1970.
4. The SEDES study states that the railroad is expected to:
  - (i) reduce transport costs for existing timber production;
  - (ii) induce additional timber production; and
  - (iii) accelerate the ultimate opening of the mine.

Benefits (i) and (ii) would result in an economic rate of return to Gabon of 7 - 13%. Benefits from (iii) are difficult to define and to quantify; there is, however, little doubt that the construction of the railroad would have a positive impact on the opening of the mine. Bank staff basically accepts the consultant's evaluation of the railroad project, provided some guarantee of the minimum level of timber production can be obtained.

5. The evaluation by Bank Staff of the consultant's alternative road construction program has not been completed. Total costs are tentatively estimated at \$40 million. Benefits (i) and (ii) above would result in an economic return substantially higher than for the railway project, possibly over 20%. This alternative has, however, two disadvantages, which are not expressed by the rate of return:

- (i) no impact on the opening of the mine; and
- (ii) foregone economic benefits because of a smaller scale exploitation of the forest.

6. The decision whether or not a railway Owendo-Booué should be built depends on the spread in economic return between the road and rail alternative and judgment on whether advantages related to the opening of the mine and the wider scale of forest exploitation are worth the risk of proceeding with the railway project. This point is the object of an ongoing risk analysis which should be completed by Bank staff around the end of February.

7. If the railway scheme is considered the best course of action, it will be necessary to substantiate the timber traffic forecasts, if possible in the form of contracts with the logging companies, in order to reduce the overall risk of the project and maximize its economic return to Gabon. There are about ten major expatriate logging companies involved. They favor the project but it is difficult to assess their willingness to give firm production figures for a period of say ten years. Contract negotiations with these companies would require creation within the Government of a strong and competent team and probably extensive expatriate assistance. Part of the expected bargaining process with the logging industry should be a review of the government's policy on timber taxes.

8. Gabon has earmarked revenues which it estimates should contribute US\$ 20 to 25 million over the period of construction. The French Government has announced its intention to provide some \$20 million equivalent as part of a multilateral effort. The European Development Fund has also indicated its intention to provide financing of the same order of magnitude. There would then remain some \$40 million to be found and both the German Government and the U.S. Export Import Bank have shown interest in participating in the financing if the World Bank is satisfied with the merits of the project.

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## OFFICE MEMORANDUM

TO: Memorandum for the Record

DATE: February 17, 1971

FROM: Wilfried P. Thalwitz

SUBJECT: GABON: Visit by Mr. McNamara

1. Mr. McNamara visited Gabon from January 17 - 19, 1971. He was accompanied by Messrs. Kochman, Chaufournier, Clark, Christoffersen and the writer.

Introduction

2. The primary focus of the discussions with Government officials was Gabon's opportunity to use for its own economic development the sizable natural resources it possesses: manganese ore at Moanda, iron ore in the Belinga region, petroleum off-shore and inland, and vast tropical forests covering about 85 percent of its territory.

3. The visit confirmed that Gabon has not established an efficient national administration capable of devising and implementing a strategy for the exploitation of natural wealth and, based on it, the development by Gabonese nationals of processing industries, efficient agriculture, and trade and services. To a much larger extent than Cameroon, Congo (B), and perhaps even Chad, Gabon relies on expatriate advisors and a large foreign business community to harness its resources. In a climate of economic liberalism, and favored by generous tax privileges, mining and forestry companies virtually form an enclave within the economy of Gabon, with limited effect on general development, employment and income distribution in the rest of the economy.

4. From the present situation arise a number of questions:

- (i) what is Gabon's share of the profits from the exploitation of its natural resources; in particular, what is the nature of the concessions establishing the enclave industries?
- (ii) how is the Government using the limited amount of revenues it receives from these industries; how well does it contain recurrent expenditure of doubtful priority, and to what extent does it manage to accumulate public savings for contributions to investment expenditures?
- (iii) what are the criteria for the allocation of public savings and foreign aid, and in particular, how much of public investments directly serve the enclave industries?
- (iv) what should be the Bank's role in helping to promote economic development in Gabon; should we concentrate on financing transport infrastructure projects that serve the enclave industries, in particular the proposed railway for the export of timber and minerals?

5. On January 19, 1971, from 10.00 to 11.30 a.m., Mr. McNamara and the Bank team met with Government officials and expatriate advisors to hear from them how the Government had tackled Gabon's development problems. The meeting was chaired by Mr. M'bouy-Boutzit, Minister of Economic Affairs, and Governor for the Bank. A list of other participants is attached.

6. The meeting provided few answers to the questions listed above, and demonstrated - in contrast to the much more sophisticated presentations and discussions during a similar meeting in Cameroon - the limited experience of Gabonese officials.

### Planning

7. Mr. Moukambi started the meeting with a brief presentation on achievements to date and plans for the future. He mentioned that the Government was about to embark on a Second Development Plan, 1971 - 1975, which has, however, not yet been worked out in detail.

8. The first priority of the Second Plan was to develop agriculture, and the Government planned to make up for the neglect with which agriculture had been treated during the First Plan period. Investments would primarily be directed towards developing export cash crops as coffee and cocoa. Mr. Moukambi referred to the decreasing role of French assistance in the sector, and asked the Bank to assist in financing operations that until now had been financed by FAC.

9. In his naming of priorities, Mr. Moukambi assigned second place to the development of transport infrastructure, but it soon became apparent that transport, in particular the proposed Owendo-Booué railway project, as well as some road projects that would also serve the forestry industry, were really considered as the most urgent investments.

### Revenues and Expenditures

10. The Government is aware that the proposed large projects during the Second Plan will require a particular effort to mobilize public savings to supplement the foreign financing envisaged. The picture of the budgetary position that emerged from Mr. Moukambi's presentation and the ensuing discussion was much more favorable than that presented in the 1970 IMF report on which our briefing papers were based.

11. The Finance Minister explained that 1970 had been a particularly good year. Concomitant with an increase of 30 percent in export values, budget revenues increased by 25 percent. This extraordinary improvement was mainly due to favorable price shifts of Gabonese export products, timber and minerals, but, according to the Finance Minister, a strong long-term upward trend of export values and budget revenues is discernible. Mainly based on increases in volume of exports, the average annual growth rate of export receipts and budget revenues was about 15 percent during the last five years, and is expected to continue. This does not even take into account the effect on revenues of the proposed transport infrastructure projects which would permit sizable increases in exports of forestry and mineral products. With the railway, the annual rate of growth of exports was expected to be 35 percent.

12. The Government expects GDP to grow at an annual rate of about 5 percent, and contends that this is a very conservative estimate which again does not take into account the effect of the railway and other infrastructure investments.

13. The Finance Minister also reported that the Government had been successful in containing current expenditures, and that there were no increases in current expenditures during the last three years. Since revenues increased substantially during that period, there was always an excess of revenues over current expenditures which permitted the Government to contribute to the financing of investments. A law has been passed which obliges the Government to spend at least 20 percent of total revenues on investments, excluding the railway, for which a separate fund has been set up to be replenished with the receipts of special earmarked taxes. By the end of 1970, about CFAF 2 billion (US\$7.2 million) had been accumulated in the Railway Fund, and the Government expects to channel a total of CFAF 5 billion (US\$18 million) through this fund before the construction of the railway to Booué is completed.

14. The Government acknowledges that there have recently been some balance of payments difficulties, but measures are reportedly being taken to correct this with the technical assistance of the BCEAEC (Banque Centrale des Etats de l'Afrique Equatoriale et du Cameroun). The Government realizes that the management of its debt is an important factor for the assessment of Gabon's creditworthiness. They hope that the creation of a "Caisse Economique" which is responsible for the management of foreign debt will improve the confidence of potential foreign creditors that will be asked to contribute to the financing of the railway and other infrastructure projects.

15. Mr. Panouillot, the Director General of the BCEAEC, was present at the meeting, and confirmed the generally optimistic report by Government officials. He added that money supply in Gabon was now to 60 percent covered by liquid reserves, and that this would permit BCEAEC to extend credit to Gabon, in particular in support of the forestry industry.

16. Apparently the increase in export receipts and the improvement in budgetary performance during 1970 is real, but we cannot claim to have a complete picture of the situation. There were too many inconsistencies within the presentation by the Government officials. Other institutions like the IMF and the Caisse Centrale maintain their far more negative judgement on performance in the past few years, and on the capability of the Government to contain current expenditures, to refrain from uneconomic investments, and to manage foreign debt. The Bank's economic mission which has just departed for Gabon will have to get to the bottom of this; collect the necessary data on revenues, expenditures, and debt; come to a clear judgement on performance in the past; and make recommendations for policies which permit Gabon to make adequate contributions to the proposed large infrastructure investments. During the meeting, Mr. Chaufournier announced the arrival of the Bank's economic mission, and the Government officials expressed their readiness to cooperate fully.

#### IDA Funds for Gabon

17. The Minister of Economic Affairs addressed himself to Mr. McNamara requesting a review of the Bank Group's judgements on Gabon as a pure Bank country. He thought that other African countries, such as Kenya, Uganda and Cameroon, were far more developed than Gabon, and yet received IDA funds. Could Gabon be put into the same category? Mr. McNamara replied that the Government should not hope for a revision of the Bank's position in this respect. With the potential for increasing exports, balance of payments surpluses and public savings, Gabon should be in a position to repay credits on conventional terms.

## The Railway Project

18. When the discussion turned to the proposed railway project, Mr. McNamara asked about progress towards opening of the iron ore mine. Mr. Moukambi replied that the Government has had some success in trying to broaden the equity base of the concessionaire, SOMIFER. At present shares are distributed as follows: Bethlehem Steel 50%, France 34%, Germany 10%, Italy 3%, Benelux 3%. Apparently Japanese companies (Mitsui, Mitsubishi) who would be more willing to advance the opening date of the mine, are ready to take 10 percent of shares now held by Bethlehem Steel, and Bethlehem Steel is prepared to release that portion of its equity. In addition, the Japanese would be prepared to sign long-term contracts for the purchase of about 5 million tons of ore annually. This would in no way interfere with the ore requirements of other shareholders, since proven reserves amount to about 1 billion tons and likely reserves are about 4 billion tons. Total production could always be expanded to meet the demands of all shareholders.

19. In an earlier discussion on President Bongo's plane, Mr. McNamara had asked Mr. Moukambi some questions on the nature of the SOMIFER concession. On the major question, how long SOMIFER could delay a decision to open the mine without losing the concession, Mr. Moukambi did not know the exact answer. He added, however, that the Government would not wish to press the legal points. Even if the agreement permitted the Government to revoke the concession at a particular date, he would prefer not to cancel it, and rather work for a change in the composition of SOMIFER, bringing in companies that would be prepared to open the mine at a reasonably early date. Mr. McNamara expressed his doubts about this policy, and said that the Bank might not want to live with an open-ended concession if it were to be associated with the railway project.

20. Upon our return, we have asked the Legal Department to review the SOMIFER concession. A memorandum on this subject by Mr. Delaume is attached, showing that SOMIFER could delay the opening of the mine for 15 years after the completion of necessary studies on the mine, the railway, and the port. Since not all of these studies have been completed, this 15-year period has not started running. As the economic mission will have to establish forecasts of Government revenues from export industries, they will evaluate all existing concessions and tax agreements. If the mission recommends any changes in existing concession agreements, discussions with Government on the subject would be held as part of the review of the mission's report in Libreville in June 1971.

21. In spite of the Government's efforts to broaden the equity base of SOMIFER, it is quite clear that we cannot count on a decision within the next year to open the mine before, say, 1980. Under these circumstances, the justification for the proposed railway project must rest on benefits from the logging industry. Mr. McNamara discussed the Bank's approach, and the minimum conditions for its involvement, with President Bongo in a private meeting. In this meeting, Mr. McNamara confirmed the Bank's position as outlined in Mr. Chaufournier's letter of January 8, 1971 to President Bongo. He made clear that in order to ensure financial viability of the railway, the forestry industry would have to obligate itself to contribute in the form of permit prices, export taxes and rail tariffs, sufficient funds to meet the cash flow requirements of the railway until the iron ore mine is opened. In addition, the structure of this price/tax/tariff package should in itself encourage an intensification of forestry production within the influence zone of the railway. Hence, the demand for substantially increased fixed cost elements of this package.



22. On the afternoon following Mr. McNamara's departure, the writer met with Messrs. Moukambi, Julienne and Vion to discuss the Bank's approach in general, and the results of the Bank's financial analysis in particular. They confirmed that the Government agrees with the logic of the Bank's analysis, but that they could not agree with all the basic data used in the analysis. They mentioned in particular the assumed pattern of financing, the influence area of the railway, traffic forecasts, and the level of railway costs and tariffs. They felt that with appropriate adjustments, the demands on the forestry industry could be reduced without endangering the financial viability of the railway. The writer suggested that the Government prepare, with the help of their consultants SEDES, a new set of basic data to be discussed in Washington in late February. Meanwhile, President Bongo has written to Mr. Chauffournier to accept this suggestion. We expect a Gabonese delegation by the beginning of March, and hope to reach agreement on the financial requirements of the railway, and on a detailed price/tax/tariff package which would create sufficient funds to meet these requirements. President Bongo has also suggested that our Legal Department review the draft long-term logging contracts, incorporating conditions compatible with the results of the financial analysis. These contracts would then be negotiated with the logging companies. President Bongo expressed confidence that he would meet our condition of appraisal - signed logging contracts covering 500,000 ha - by June 1971.

#### Transport of Manganese

23. During the working session, a brief reference was made to the possibility of extending the new railway beyond Booué southward towards Moanda, the site of the COMILOG manganese mine which Mr. McNamara and the Bank team had visited the day before, January 18. COMILOG has been producing about 1.4 million tons of ore per year on the average, but exports in 1970 were 1.6 million tons which required the drawing down of stocks. Almost 50 percent of the manganese production is taken up by COMILOG's major shareholder, U.S. Steel; 12 percent goes to other U.S. steel companies, 20 percent to France, 7 percent to Germany, 5 percent to the U.K., and 6 percent to Japan.

24. Since 95 percent of COMILOG's manganese output is used in steel production, prospects for manganese depend on those for steel. COMILOG expects world steel production to increase from 600 million tons at present to 1 billion tons in 1980. Because of this, and because of the recent disappearance of other producers (Ghana, Ivory Coast, India), COMILOG expects heavy demand for its manganese. Prices, which had declined from about \$30 per ton (FOB Pointe Noire) in 1965 to about \$20 per ton in 1969, are also expected to become firmer again. For these reasons, COMILOG would like to expand production to about 4.5 million tons in 1980.

25. The major impediment on the way to larger production is the existing transport facilities. At present, the ore is shipped 73 km by cableway to the COMILOG railway on Congo (B) territory, and then on the CFCO railway to the port of Pointe Noire. Investments by COMILOG on the cableway, the COMILOG railway and port facilities amounted to more than \$80 million. Additional investments costing about \$4 million are underway for the cableway and additional railway rolling stock to increase the capacity of the system to about 2.2 million tons. After that, a long-term solution has to be found which would permit the export of 4.5 million tons annually. The Government has therefore asked a German consulting firm to prepare a feasibility study of a new railway connecting Moanda with the Owendo-Booué railway. Preliminary indications are that the cost of the additional spur would approach \$75 million. The Government apparently envisages that the entire volume of manganese would therefore be transported on the

new railway, and that the facilities in Congo (B) would be written off. Evidently, the motivation for this plan is in part political, and has its basis in the uncertainty about the political situation in Congo (B). On economic grounds, the problem poses itself as the search for the minimum cost solution for the transport of additional manganese that cannot be handled by existing facilities. No comparative studies have been undertaken, but it appears obvious that the problem of evacuating an additional 2 - 3 million tons of manganese could be solved by spending less than \$75 million on the southern route through Congo (B).

### Forestry

26. Since the viability of the Owendo-Booué railway project depends critically on the prospects of the forestry industry and on the willingness of the logging companies to accept a new fiscal regime, the Government had arranged for Mr. McNamara a meeting with representatives of the industry. They were Messrs. Fourny and Barbot (Director General and local Director respectively of the "Office des Bois"), and Messrs. Bou and Meese, presidents of logging companies.

27. The meeting confirmed the industry's attachment to okoumé, the valuable species for which Gabon practically has a monopoly. Other species were so far little utilized, primarily because floating is until now for most of Gabon the only means of transporting logs, and many of the secondary species do not float. However, they expressed caution with respect to the volume of production of secondary species, even for the period after completion of the railway, because these species grow in small and irregular patches which would make it difficult to maintain a steady supply of sufficient quantities.

28. Mr. Fourny explained the function of the "Office des Bois". It is a marketing cooperation of producers, with the Governments of Gabon and Congo (B) being represented on a controlling committee. The Office des Bois has the marketing monopoly for two species, okoumé and ozigo. Through this monopoly they marketed about 650,000 tons of timber in 1969. The principal markets are France, Germany, Israel, the Arab countries, and Greece. Other producers who have their own processing plants in Europe (the dérogatoires) exported about 275,000 tons.

29. The representatives of the industry stated that the demand far exceeded present supplies of okoumé, both of logs and plywood. They could easily triple sales if they could increase production. This statement definitely corrected the impression which had been given a day earlier during a visit to the plywood factory at Port Gentil, the manager of which thought that the market potential for logs and finished products was limited to about 120 percent of present production. While the representatives of the industry agreed that there was practically no demand limitation on okoumé, logs or products, they all emphasized the limited acceptability of secondary species. They felt that Gabon must rely on the potential of okoumé plywood which commands prices that are 30 percent higher than for U.S. pine plywood, and almost 10 percent higher than those for Asian hardwoods. Although okoumé is not a decorative wood, plywood made from it has exceptional structural characteristics and is easy to work with. Prices reflecting these qualities have remained high and stable. However, no judgement was ventured on the future demand and prices for secondary species. The representatives of the industry felt that if secondary species were to be exploited in larger quantities, they would have to be exported as logs. It would only damage the competitive position of Gabonese plywood if okoumé were mixed with other species in plywood production. This deserves further study.

30. Mr. McNamara asked the concluding question whether they would be prepared to sign new concession agreements based on a new fiscal régime of which the outline was known to them. They hesitated, saying that these proposals would damage their competitive position. In particular, they resented the long-term obligation to pay higher fixed taxes per hectare. They would prefer to pay for the railway in the form of higher tariffs. However, the industry has a very profitable business in Gabon, and we understand from the Government that they are prepared to accept changes in the tax régime.

#### Conclusion

31. Towards the end of the visit to Gabon, Mr. McNamara summarized his impressions to the members of the Bank team. He felt that Gabon deserved the Bank's assistance in its effort to exploit its rich natural resources and to develop the economy. The Bank should help the Government to devise an appropriate economic strategy that should aim at a better distribution of profits from the exploitation of mineral and forestry resources between the Government and foreign companies. Mr. McNamara said that our lending should be concentrated on projects that would support this strategy. The Owendo-Booué railway project and the N'Gounie Valley road project would fall into this category, and we should press ahead with them, putting the best people on the job instead of dispersing our efforts on the rest of the lending program consisting of smaller projects in education, agriculture, water supply, and agriculture - which had been included to provide a fall-back position if the railway project did not prove feasible. If the on-going preparatory work for the water supply and cocoa development led to feasible projects, financing could be taken over by other lending agencies.

WPThalwitz:mb

cl. and cc: Mr. Chaufournier  
cc: Mr. Leduc

Libreville, Gabon

WORKING SESSION WITH GOVERNMENT OFFICIALS  
Tuesday, January 19, 1971 10 a.m.

Present:

Messrs. Edouard-Alexis M'bouy Boutzit	Minister of Economic Affairs, Trade and Industry
Augustin Boumah	Minister of Finance and Budget
Paul Malekou	Minister of State in charge of Public Works, Housing and Urbanization
Rigobert Landji	Minister of Water and Forestry Resources
Jean-Baptiste Obiang-Ekomie	Minister assigned to the Presidency, in charge of Mines
Georges Rawiri	Ambassador to France
Paul Moukambi	Personal Advisor to the President, in charge of Planning, Development and Statistics
Etienne Ossinga	Director of the Department of Water and Forestry Resources
Eugène Capito	Director of the Department of Economic Affairs
Paulin Ampamba-Gouerangue	Director of the Department of Mines, Power and Hydraulics
Robert Fontecave	Economic and Financial Advisor to the President
Dominique Casalta	Technical Advisor, Minister of Finance and Budget
Claude Panouillot	Director General, Central Bank for Equatorial Africa and Cameroon
Robert Julienne	Technical Advisor
Robert Vion	Technical Advisor to the President (specifically for the Railway Project)

## OFFICE MEMORANDUM

TO: Legal Files

DATE: February 10, 1971

FROM: Georges R. Delaume

SUBJECT: Gabon - Status of the Mining Concession

1. By Decree dated September 4, 1963 (copy attached as Annex I), the Government of Gabon granted to SOMIFER a 75-year mining concession.

Pursuant to the Decree (Art. 4) SOMIFER is under an obligation to finance the cost of studies relating to a mining port and the mining complex at Belinga. The conclusions of these studies are to be furnished to the Government at the latest at the time where the studies relating to the railway are completed (Art. 5).

The Government has the right to reconsider the terms of the Decree and terminate the concession if:

- (a) following completion of the above-mentioned studies, a negative conclusion is reached as to the feasibility of the railway and of the mining venture; or
- (b) a favorable decision is reached on both matters and SOMIFER does not begin operations within 15 years from the date of that decision (Art. 8).

2. On November 28, 1969, the Government and SOMIFER concluded a Memorandum of Agreement (copy attached as Annex II); SOMIFER reiterated its interest in the iron ore deposit and its intention to carry on studies and indicated that the decision to build a first section of the railway would be a determining factor influencing a decision to operate the mine.

This Memorandum which in effect is no more than a statement of intent, states most emphatically as a preamble that:

"The undersigned are bound by the terms of a Concession Decree dated September 4, 1963 relating to the mining of the Belinga-Mekambo deposit."

3. Since at the present time the studies are not completed both on the Government and on SOMIFER's sides, it follows that both parties continue to be bound by the terms of the 1963 Decree. Under the circumstances, there is no legal remedy available to the Government to unilaterally reconsider the terms of the concession. If those terms were to be changed, this would have to be the result of negotiations with SOMIFER leading to new and mutually acceptable arrangements.

February 10, 1971

4. The exact situation of SOMIFER under the Gabonese investment laws, including SOMIFER's tax status, would be the object of negotiations leading to the signing of an "establishment convention" between SOMIFER and the Government (see the Decree of 1963, Art. 6).

The memorandum of Mr. Nkodo dated February 9, 1971 summarizes the fiscal advantages to which SOMIFER would be entitled under Gabonese investment laws. Since, however, these laws provide only a general framework within which negotiated agreements are concluded, it is impossible at this time to have a clear idea of the tax status that would be applicable to SOMIFER following the conclusion of an "establishment convention".

## Attachments

cc. Mr. Broches  
Mr. Thalwitz



GRDelaume/cl

## OFFICE MEMORANDUM

TO: Mr. W.P. Thalwitz  
FROM: T. Nkodo *TN*  
SUBJECT: Tax Agreement between the Gabonese Republic and SOMIFER

DATE: February 9, 1971

1. We were informed by Central Files that we do not have the actual tax agreement between the Gabonese Republic and SOMIFER. Furthermore, there is no evidence that one exists at the present time.
2. The following information was obtained from "Note sur le Code des Investissements et son application à la SOMIFER". This note, issued by the Ministry of Finance, is enclosed in Dossier Mékambo: Eléments d'Information Générale (1962).
3. According to this source, SOMIFER will be subject to the preferential treatment of Régime "C" of Code des Investissements for a period of 25 years beginning with the first year of operations. SOMIFER can also be granted guarantees, to be included in the Convention d'Etablissement.

Advantages of Régime "C"A. Import Duties

Equipment and spare parts are subject to an import tax of 1% and an import turnover tax of 4% (rather than the usual 12% and 9.5% respectively).

B. Direct Taxes

1. SOMIFER is exempted from all income taxes for the first two years of operations. For the third year, income taxes will be levied on 50% of the profits. For the following 3 years, smaller abatement of the tax base can be granted.

Note: At the present time, the corporate income tax rate in Gabon is 34% (of profits).

2. SOMIFER will be exempted from property tax for a period of 5 to 10 years.
3. SOMIFER will also be exempted from licence tax for a period of 3 years.

TNkodo:mb

cc: Messrs. Abdel-Rahman  
Westebbe

TRANSLATION

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GABONESE REPUBLIC

ANNEX I

MINISTRY OF STATE  
IN CHARGE OF THE NATIONAL ECONOMY  
PLANNING AND MINES

DIRECTORATE OF MINES

No. 00286/PR/MEN

DECREE

establishing and granting a concession  
for iron ore deposits

THE PRESIDENT OF THE REPUBLIC OF GABON

Head of the Government

Upon the report submitted by the Minister of State in charge of  
the National Economy, Planning and Mines;

Considering the Constitutional Law No. I/61 dated February 21,  
1961;

Considering the Law No. 15/62 dated June 2, 1962, establishing  
the Mining Code of the Gabonese Republic;

Considering the Decree dated July 6, 1956 granting a general Type "A"  
mining research permit, valid for iron ore, to the Bureau Minier de la France  
d'Outre-Mer and the Agreement No. 75 dated March 22, 1956 attached to the said  
decree;

Considering the Decree No. 87/PM/MTP dated December 13, 1959 renewing  
for a duration of five years counting from July 1, 1959 the research permit  
granted by the aforesaid decree dated July 6, 1956; and also the notice  
No. 328/MTP dated February 19, 1960, inserted in the Official Gazette of the  
Gabonese Republic dated March 15, 1960 and transferring the said permit to  
the Société des Mines de fer de Mékambo;



Considering the petition dated June 17, 1963 by which the Société des Mines de fer de Mékambo (SOMIFER), whose headquarters are in Libreville, B.P. 189, requested that it be granted <sup>a concession</sup> for the Mekambo iron ore deposits;

After hearing the Council of Ministers

DECREES

ARTICLE 1. The iron ore deposits located in the area defined in Article 2 hereafter, and including part of the Ogooué Ivindo region, are conceded to the Société des Mines de fer de Mékambo (SOMIFER) under the terms and conditions specified in this Decree.

ARTICLE 2. In accordance with the plan attached to this Decree, the limits of this concession, to be known as CONCESSION DE MEKAMBO, are defined as follows:

... ..

ARTICLE 3. The duration of the said concession shall be seventy-five years from the date of this Decree.

ARTICLE 4. Promptly after the signing of this Decree, the Société des Mines de fer de Mékambo shall cause to be undertaken at its expense the preliminary study relating to the construction of a mining port and a mining complex at Belinga.

ARTICLE 5. The conclusions of the studies referred to in the previous article are to be furnished to the Gabonese Government at the latest at the time when the findings of the studies relating to the ore-carrying railway are made available.

ARTICLE 6. A general agreement of establishment and a particular agreement governing the conditions of enforcement of this Decree and in particular those conditions which relate to the utilization of the railway shall be negotiated

between SOMIFER and the Gabonese Government as soon as a decision is reached on the ore carrying railway. With regard to the utilization of the railway, the particular agreement shall specify the minimum volume of products to be transported annually, the expected change in such volume as well as the financial and other conditions of utilizing the railway for public service.

ARTICLE 7. The Agreement No. 75 dated March 22, 1956 remains valid inasmuch as it does not contravene the provisions of this Decree until the effectiveness of the agreements referred to in the previous article. During this period, the surface fee will continue to <sup>be</sup> /the one specified for research permits beyond the third year.

ARTICLE 8. In case an unfavorable decision is reached regarding the feasibility of the railway and the mining complex at Belinga following the completion of the studies, the Gabonese Government shall have the right, after having heard the concession holder, to reconsider the provisions of this Decree and, if necessary, to terminate the concession pursuant to Article 30 of the Mining Code of the Gabonese Republic. The same will apply in case a favorable decision is reached if mining operations do not commence within fifteen years.

ARTICLE 9. The Minister of State in charge of the National Economy, Planning and Mines is entrusted with the enforcement of this Decree which is to be published in the Official Gazette of the Gabonese Republic.

Done at Libreville on September 4, 1963

THE PRESIDENT OF THE REPUBLIC OF GABON

Leon MBA

By the Minister of State  
in charge of the National Economy  
Planning and Mines

A. G. ANGUILE

TRANSLATION

## MEMORANDUM OF AGREEMENT

Between the Gabonese Republic  
represented by the President of the Republic,  
Head of the Government,

on the one hand

and

Société des Mines de Fer de Mekambo (SOMIFER)  
represented by Mr. de l'EPINE, Chairman of the Board  
of Directors, on the other hand

As a preliminary to the following provisions it is recalled:

- That the undersigned are bound by the terms of a Concession Decree dated September 4, 1963 relating to the mining of the Belinga-Mekambo deposit.

This being the case, the Gabonese Government and the representative of Société des Mines de Fer de Mekambo (SOMIFER) have met in Libreville on November 12 and 13, 1969 with a view to studying jointly the steps to be taken and the decisions to be made in order to achieve at the earliest possible time, within the framework of the original Convention, the exploitation of the Mekambo iron ore deposit following the financial assistance which the Governments of the Gabonese Republic and the French Republic have decided to provide for the proposed construction of the Owendo-Booué railway section.

The SOMIFER representatives have informed the Gabonese Government that the shareholders of SOMIFER who recently met in Paris consider as a whole:

1. That Mekambo constitutes a deposit of an international size in which they express a major interest, and that the world market conditions will permit its exploitation between 1978 and 1985 at the latest.
2. That the decision to build a first section of the railway will constitute as far as they are concerned a determining factor influencing their own decision to operate the Mekambo mine.

3. That the size of the deposit and the need to achieve a competitive cost require that production should reach 10 million tons from the start and be increased as soon as possible to a substantially higher level.
4. That the important level of production to be reached requires that the negotiations already under way between the present shareholders of SOMIFER and the representatives of other iron industries, in particular the Japanese and British iron industries, be continued and carried forward in order to achieve, at the earliest possible time, a new distribution of capital to meet increased financing on the part of SOMIFER and the absorption of increased production.
5. That it is important that studies be continued as soon as possible in order to determine the future site on the coast of Gabon, in particular at Owendo, of a port able to handle the ore vessels meeting the present and future standards of a mine of the Mekambo size.

To this end, the shareholders of SOMIFER, wishing to express once more their interest in the Mekambo project, are willing to have the studies carried out immediately under their supervision and at their expense.

6. That the usual technical specifications for the transport of the very large quantities of ore, such as those mentioned in the Foley Brothers/SOFRETRAIL report, be adopted.

The two parties, having decided to carry out the project in the shortest possible time, agree to exchange information and to pursue the negotiations while keeping themselves mutually informed.

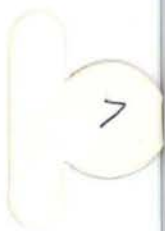
Done at Libreville, on November 13, 1969

For SOMIFER  
The Chairman of the Board of Directors

For the Gabonese Government  
The President of the Republic

(signed) Gérard de l'EPINE

(signed) Albert Bernard BONGO



8.

## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Roger Chaufournier *R*

SUBJECT: Your today's meeting with the Ambassador of Gabon

DATE: June 13, 1972

I understand you will meet with Mr. Gaston-Robert BOUCKAT-BOU-NZIENGUI, the Ambassador of Gabon, this afternoon at 6:30 p.m. I propose to be present. The purpose of the Ambassador's visit is to hand you a letter from President Bongo requesting a permanent mission for Central Africa, preferably to be stationed in Libreville, Gabon.

The possibility of a permanent office for the Central African region has not recently been discussed either by Mr. Kochman or by myself with interested governments. However, in the past, this point has been repeatedly raised, especially by the Government of Cameroon.

The Memorandum of the African Group dated September 30, 1971 "reiterates the wish that, whenever appropriate, the Bank Group establish other regional missions in Africa". We have always avoided encouraging governments to seek more regional project preparation missions. In fact, in your recent reply to the Memorandum of the African Group you refer only to the existing two permanent missions in Nairobi and Abidjan, stating that you want to explore how and in what ways we can improve the effectiveness of these two missions.

In case the Ambassador will touch on operational issues, here is a brief summary of the status of the two projects in Gabon presently under appraisal by the Bank:

Owendo-Booué railroad: An appraisal mission is now in Gabon and some of its members have already returned. Preliminary indications are that project cost (including ancillary feeder roads and timber port investment) are unlikely to be less than US\$200 million (including price escalation to 1978, the earliest practicable completion date of the railroad); a substantially higher amount than earlier estimates. The mission must therefore review closely the extent to which the economic justification of the project can rest, on the one hand, on the exploitation of the country's timber resources, and the extent to which it must require a firmer undertaking for the exploitation of the mine. The major uncertainties being examined are:

- a) prospects and conditions for an early opening of the iron ore mine;
- b) the prospects of achieving a sufficiently high rate of timber extraction and of marketing species not previously exported in quantity.

President has seen

On the financing side, Gabon continues her efforts to close the investment financing gap and we understand that the Swiss government has indicated interest. We expect the first draft of the appraisal report to be ready for discussion within the Bank in October, and with interested donors by the end of this calendar year.

Libreville water supply project: The project consists of the expansion of pumping stations, pipelines, treatment plants and storage, and project costs are estimated to amount to US\$12 to 15 million. Caisse Centrale is interested in joint financing with the Bank and a joint Caisse Centrale/World Bank appraisal mission is completing its field work. We hope to present the project to the Board in early calendar 1973.

RBSteckhan/RChaufournier:ys



## OFFICE MEMORANDUM

TO: Memorandum for the Record DATE: June 14, 1972  
FROM: Roger Chaufournier *R*  
SUBJECT: GABON: Mr. McNamara's Meeting with the Ambassador of Gabon

Mr. Gaston-Robert Bouckat-Bou-Nziengui, Ambassador of Gabon to the U.S. visited Mr. McNamara at 6:30 p.m. on June 13, 1972. He was accompanied by Mr. Kochman. The writer was also present.

President Bongo had been informed that the Bank Group was planning to establish a regional mission for Central Africa. He wanted Mr. McNamara to know that if such a mission were to be established, the Government of Gabon would like its Headquarters to be in Libreville.

Mr. McNamara replied that President Bongo must have been misinformed since the Bank had no intention at the present time of establishing a regional mission in Central Africa. Mr. McNamara explained that we were trying to maximize the effectiveness of the existing mission before envisaging the creation of a new one.

The Ambassador left a letter with Mr. McNamara formally confirming the Gabonese request.

cc: Mr. Ljungh

RChaufournier:sm

President has seen

## OFFICE MEMORANDUM

TO: Memorandum for the Record

DATE: February 1, 1973

FROM: Rainer B. Steckhan

SUBJECT: GABON - Visit by Minister Rawiri on January 31, 1973

On January 31, Foreign Minister Rawiri of Gabon, accompanied by Gabon's Ambassador to the US, Mr. Bouckat-Pou-Nziengui and Mr. Boukar, called on Mr. McNamara. Mr. Chauffournier and the writer were also present. Minister Rawiri handed Mr. McNamara a letter dated January 26, 1973 from President Bongo enclosing a memorandum on financial and economic aspects of the Gabon railway project.

Speaking on behalf of President Bongo, Minister Rawiri urged Mr. McNamara to take an early decision for the Bank to participate in the financing of the railroad project. The Minister also expressed the hope that he could personally relay a favorable decision to President Bongo. Mr. McNamara replied that the project was still being studied by the staff and that he would soon receive a recommendation from Mr. Chauffournier.

He explained that the appraisal had taken longer than expected because of the Bank's desire to find a constructive solution to the serious problems posed by this project.

To conclude, Mr. McNamara advised the Minister that every effort would be made to let President Bongo have the Bank's decision as soon as possible but that he could not promise this decision before the Minister's return to Gabon next week.

RESteckhan:cm

## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara DATE: January 30, 1973

FROM: Roger Chaufournier

SUBJECT: GABON - Visit of Foreign Minister on January 31, 1973 (6:50 PM)

1. You will meet with Foreign Minister Rawiri of Gabon, presumably accompanied by Gabon's Ambassador to the US, on Wednesday, January 31, at 18:50. I propose to be present. Mr. Rawiri has requested the meeting to deliver a personal message from President Bongo, in connection with the Gabon railways. He will also see Secretary Rogers on the same subject in the course of that Wednesday.

The railroad project

2. President Bongo is said to have decided to go ahead with the Owendo-Booué railroad project, "with or without the Bank". Thus, he is proceeding, against our cabled advice, with the construction of the railroad headquarters (and has invited the Bank to attend the ground breaking ceremony on February 7 - I declined the invitation).

3. In fact, our appraisal mission has concluded that it would be premature to build a US\$250 million railroad designed to carry 20 million tons/year of ore. This conclusion rests on two findings: that the iron ore mine is unlikely to be opened before 1985 and that expected timber production alone would yield an unsatisfactory return to Gabon.

4. On the mining side, the profitability of the mine to SOMIFER, the concession holder, appears very low for the foreseeable future. This is in part due to the fact that the ore appears of lower quality than originally expected. Moreover, SOMIFER so far has made no decision to spend the estimated US\$2 million required for geological studies for the preparation of a mining plan.

*you had us*

5. On the timber side, total benefits accruing to Gabon from logging operations are likely to yield a return of no more than 9 percent on the combined investment for the railroad, port and feeder roads. Since, at present, no benefits related to the mine can be attributed to the railroad, Gabon would be better off exploiting its timber resources through the expansion of an existing road/river network. Such expansion would probably only require a third of the cost of the proposed railroad but (depending on the financing plan) almost double the net cash return to Gabon over the next 17 years as compared with the railroad.

6. Our appraisal also revealed the financial burden which the railroad may create for Gabon. In addition to the US\$84 million of known external commitments and Gabon's own contribution of some US\$50 million, Gabon will need almost another US\$100 million through 1978, much of which is likely to be on hard terms. Gabon's debt service is already very heavy (29 percent of revenues in 1973) and with more to come for a low-yielding railroad project, Gabon is rapidly drifting to a point in which all foreign aid and domestic resources could be absorbed by the planned railroad.

7. In these circumstances, we find it difficult to support the railroad project. However, before recommending to you a definite course of action we are reviewing once again some of the basic assumptions on which the results of our appraisal rest. This review should fortify our project analysis against the criticisms and pressures that are bound to come, not only from Gabon but also from donors with commercial and political interests in the country, such as France and the US.

8. We are also reviewing the impact of possible financing plans for the railroad on Gabon's creditworthiness and its ability to continue to carry out general economic development, in case the railroad is built despite our reservations. This review should enable us to advise Gabon on how to minimize the financial burden of the railroad for the country and how to restore a financial and budgetary position which would allow further Bank lending to Gabon, possibly even for feeder roads once the railroad has been built.

9. I do not know the precise purpose of Mr. Rawiri's visit at this time. But the Minister has taken the occasion of previous visits to try to pressure us into a commitment in favor of the railroad and the message he is now carrying from President Bongo will surely go in this direction. He may also express his Government's dissatisfaction at the time required to come to a decision.

10. To avoid creating any illusions, you may wish to familiarize the Minister with the problems which we have encountered in the course of our appraisal in justifying the railroad. You may also wish to emphasize the need for sound management of the economy and the budget and its importance for our ability to continue to finance high priority projects in Gabon. But it may be useful not to indicate a final position of the Bank to the Minister as long as we have not had an opportunity to review with you our findings (which we hope to do within a week). Moreover, Minister Rawiri may not be the proper person to convey a message from you to President Bongo concerning the project.

#### Other Projects

11. The Minister may be interested to know that we are about to complete our appraisal of a US\$18 million project to expand water supply in Libreville and hope to negotiate a US\$8.5 million loan for this project in March. Moreover, a joint IBRD/UNESCO mission is presently in Gabon to identify a second education project suitable for Bank financing in calendar 1974.

RBSteckhan:ys

9

## OFFICE MEMORANDUM

DECLASSIFIED

MAY 03 2013

WBG ARCHIVES

DATE: October 3, 1978

CONFIDENTIAL

TO: Memorandum for the Record

FROM: Peter Eigen, Division Chief, WA2DB

SUBJECT: GABON - Minister Anchouey's Meeting with Mr. McNamara

1. On September 28, 1978, Mr. Anchouey, Minister of Economy and Planning of Gabon met with Mr. McNamara at the Sheraton Park Hotel. The Minister requested the meeting, to deliver a personal message from President Bongo. He was accompanied by Mr. Mamalepot, Director of the Gabon Development Bank, and Mr. Mambouka, Gabon's Ambassador in Washington.
2. The Minister opened the meeting by conveying President Bongo's congratulations to Mr. McNamara for his skill and success in leading the World Bank. He singled out the Bank's constructive role in helping to develop transport infrastructure, including railways. In this context he expressed the hope of President Bongo that the "little incident" between Gabon and the Bank at the time of preparations for the Trans-Gabonese Railway was by now forgotten.
3. The Trans-Gabonese Railway Project, in the meantime had made good progress, involving important sacrifices for the people of Gabon and it had to be finished. Therefore the Minister wanted to make once more the case for this project ("plaider le dossier").
4. The Gabon Government had followed with interest the Bank's support for a railway project in a neighboring country. The Minister noted, however, that this country had chosen a radically different political option from that of Gabon's. In general, the countries of the sub-region worked closely together for rapid regional development. But Gabon had observed with some concern the situation in the neighboring country, including the violent acts of sabotage affecting the railway. It was therefore essential for Gabon's national interest and for the political stability of the sub-region as a whole to have an independent railway as soon as possible.
5. As to the economy of Gabon in general, the Minister pointed out that extremely high growth rates had caused the Government to launch a large investment program. This in turn had led to heavy borrowing, in order to face rising prices, with concomitant debt service problems. To solve these problems, Gabon had agreed with the IMF on a severe financial rehabilitation program, which the Government had all intentions to implement. He said that the shortfall of revenues had been underestimated when this program was agreed upon (customs revenues fell by 50 percent rather than 20 percent as had been assumed). A Gabon delegation had arrived in Washington to negotiate with the IMF appropriate adjustments in the program. Nevertheless, the Government would faithfully implement the expenditure reductions to which it had agreed.

6. Mr. McNamara responded that he understood that the Minister requested the Bank's financial assistance. He said that an economic mission was scheduled to visit Gabon in early November. Based on its findings the Bank would take a more definitive position on this request. He indicated however, that if Gabon's resources should remain at the present level, then the investment program should be tailored to the availability of these resources. In that case, Bank financing would not be required. If, however, the mission should find that Gabon's resources will be significantly reduced, the Bank might reconsider its position.

7. The Minister seemed to be quite satisfied with this response. He extended, on behalf of President Bongo, an invitation to Mr. McNamara to visit his country if he should be in the area.

cc: Messrs. Chauffournier, WANVP  
de la Renaudière, WA2  
Koch-Weser, EXC  
Hanna, WA2  
Popiel, WA2  
Bachmann, WA2

PEigen:ar





## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara, President DATE: March 19, 1979

FROM: Roger Chaufourier, WANVP

SUBJECT: GABON -- Visit of Ambassador José Joseph Amiar on March 19, 1979 at 6:45 pm

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1. Mr. Amiar, the new Ambassador of Gabon to the United States, has requested to pay you a courtesy visit; he has recently replaced Mr. Jean-Daniel Mambouka.
2. During the last Annual Meeting, Minister of Economy and Planning Anchouey delivered a message from President Bongo to you effectively seeking renewed Bank assistance to Gabon. A small Bank economic mission visited Gabon in November 1978 to determine whether the country's economic problems and prospects would justify the exceptional intervention of the Bank (see Annex 1). The mission has tentatively concluded that the per capita income of Gabon is still at a high \$2700, but that declining oil revenues may justify Bank assistance in the future. Its back-to-office report is now being revised and in due course the Bank's views will be communicated to the Government.
3. On December 7, following the economic mission, Minister Anchouey sent a letter in which he expressed satisfaction with the mission and outlined possible areas for Bank involvement as food crops, forestry roads, a tourism and cultural complex, and technical assistance for project appraisals and economic projections (see Annex 2). I responded on January 18 and agreed to review these ideas once the results of the economic mission are available (see Annex 3).

Attachments

cleared & cc: Mr. Xavier de la Renaudière  
cc: Messrs. Thalwitz, de Azcarate, Bachmann,  
Devaux, Popiel

PEigen/JHanna:bp

## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Roger Chaufournier, Acting VPO

SUBJECT: Bank Economic Mission to Gabon

DATE: July 28, 1978

1. I attach a translation of a draft letter to Gabon's Minister of Economic Affairs and Planning stating our readiness to send a brief economic mission to Libreville in October.
2. As you know, since 1977, we have been asked by the Gabonese authorities to reconsider our position on lending to Gabon. New technical and capital assistance is requested primarily in light of the decline in oil exports since 1975, the likelihood that this trend will continue and the substantial growth in public debt. Gabon reached agreement on June 1 with the IMF on a standby arrangement for SDR 15 million for twelve months to support the Government's stabilization program. In exchange, we understand that rather severe restraints have been placed on Government expenditures and credit expansion. This arrangement has also enabled Gabon to reschedule a considerable share of its debts to French and American banks.
3. The purpose of the mission would be (i) to assess future petroleum sector performance, as declining production might well reduce Gabon's GNP to a level comparable to those of countries to which the Bank presently lends, (ii) to review the effectiveness of the recent stabilization program; and (iii) to identify areas in which modest amounts of Bank loans could produce a strong impact on economic performance. The draft letter to Minister Anchouey underscores, however, the fact that our willingness to send an economic mission must not in any way prejudice the Bank's future position on Gabon.
4. While I was in Gabon during the Annual Meeting of the ADB, the Government made it clear that they wished to resume normal relations with the Bank. The same message was given to Mr. Konan Bédié; with its oil resources declining rapidly and the need to broaden its development base, officials stressed the importance of World Bank assistance. The response that we propose is the least committal and would place us in a position to assess whether there is any constructive role that we can play.

Attachment

7/31  
I am skeptical  
what we can accomplish  
in Gabon, but I  
concur in the action  
you propose.  
C. W.

ENGLISH TRANSLATION

His Excellency Mr. Michel Anchouey  
Minister of Economic Affairs and Planning  
Ministry of Economic Affairs and Planning  
LIBREVILLE, Gabon

Dear Mr. Minister:

When we met in Libreville on the occasion of the Annual General Meeting of the African Development Bank, you were kind enough to confirm your wish that contacts between us be resumed on a more systematic basis and that we closely examine together Gabon's economic situation and long-term financing needs.

We have followed with interest and understanding your Government's efforts to draw up a program of economic and financial stabilization for Gabon and to negotiate its implementation with the International Monetary Fund and a number of public and private financing agencies.

We would be prepared to review with you the country's economic and financial situation and prospects in the form of a brief economic mission which could probably arrive in Libreville about October 9. As you know, Gabon's present per capita GDP puts it among the countries in which the World Bank Group does not normally consider financing operations. Thus, the purpose of our mission would be to objectively examine the situation and obviously would not, in itself, imply a change in the Bank's present position. It would be essential that the mission not give rise to expectations in Gabon that we might not be able to satisfy.

I should be grateful if you would let me have your views on this proposed mission. If it is acceptable to you, we shall inform you shortly of the exact date and composition of the mission.

Please accept the expression of my very high consideration.

Roger Chaufourier  
Regional Vice President  
Western Africa

CABONESE REPUBLIC

T R A N S L A T I O N

Ministry of Planning, Development,  
Land Utilization and Tourism

Libreville, December 7, 1978

No 00712/MPDATT/CAB

Mr. R.S. McNamara  
President  
World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433 (USA)

Dear Mr. President :

Thank you very much for the reply to my letter which you sent through Mr. Roger Chaufournier, Vice President of the Western Africa Region. I would like to take this opportunity to express to you my personal satisfaction and that of the Government for sending a World Bank Mission to Gabon as agreed in Washington.

I hope the mission found with the various Gabonese authorities all the conditions and facilities required to carry out its task. On our part, we were pleased with the understanding and good will displayed by the mission.

We understand that the possible directions of the Bank's involvement could be in the food crop sector, forestry roads and technical assistance for project appraisals and economic projections.

We would like also at this time to call the attention of the Bank to a project initiated and studied by UNESCO regarding the establishment of a touristic and cultural complex. UNESCO has already informed us of their intention to submit this project to the World Bank.

.../...

While thanking you once again, I trust, Mr. President that the results of the World Bank Mission will be made available to the Gabonese Government at the earliest possible time.

Sincerely yours,

Michel Anchouey  
Minister of Planning, Development,  
Land Utilization and Tourism

January 18, 1979

TRANSLATION

(Asa)

His Excellency  
Mr. Michel Anchouey  
Minister of Planning, Development,  
Land Utilization and Tourism  
Libreville, Gabon

Dear Mr. Minister :

In the absence of Mr. McNamara, I thank you very much for your letter of December 7 referring to the economic mission we sent recently to Gabon. The mission has told us of the very warm welcome it has received and of the very favorable conditions which helped the mission carry out its task.

We have noted with interest the directions in which you would like to see the Bank intervene in your country. These recommendations will be examined carefully after we have studied the data gathered by our Economic Mission on the long term capital needs of your country, its present and projected level of income per capita and its development priorities. I can assure you that your letter will be brought to the attention of Mr. McNamara upon his return.

Sincerely yours,

Roger Chaufournier  
Vice President  
Western Africa Region





OFFICE OF THE PRESIDENT

Meeting with President Bongo, Gabon, June 14, 1979

Present: Mr. McNamara, President, Bongo, Ambassador Amiar, Minister of Foreign Affairs Martin Bongo, Mr. Soglo, Mr. Chauffournier

The meeting was a brief courtesy call.

President Bongo suggested forgetting the past strained relationship between the Bank and his country, renewing relations and joining in development efforts. He congratulated Mr. McNamara for what he had done for Africa in a difficult world environment. His country realized that oil was a non-renewable resource and had to be translated into development. He asked for Bank assistance in doing that.

Mr. McNamara replied that a Bank mission could visit Gabon in order to examine to what extent Gabon was eligible for Bank lending.

CKW  
June 18, 1979

## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (through Mr. M. A. Qureshi) <sup>8/18</sup> DATE: June 8, 1979  
FROM: Henri Konan Bédié *in person*  
SUBJECT: GABON: Visit of President Bongo

An official delegation from the Republic of Gabon, headed by Mr. Etienne Moussirou, Minister of Commerce, is visiting the United States (Washington and New-York) at this time.

Mr. Moussirou, with whom I travelled from Paris to Washington, informed me of the impending arrival in the United States of the Chief of State of Gabon, President Omar Bongo. He also told me repeatedly of President Bongo's wish to meet you in Washington to appraise you of a number of development problems confronting his nation.

6/2  
Given the many efforts of the Gabonese government to clear up its financial position as regards its external debt and its desire to see the World Bank Group resume operations in Gabon, I hope you will agree to see the President of Gabon during his stay in Washington.

## OFFICE MEMORANDUM

TO: Mr. R.S. McNamara

DATE: June 8, 1979

FROM: N. Soglo, Alternate Executive Director *encl*

SUBJECT: Visit of S.E. Omar Bongo, President of  
the Gabonese Republic

I have been informed by the Gabonese Ambassador, H.E. Jose-Joseph Amiar, that President Bongo will arrive in New York on June 8, 1979, and stay a few days in the United States on a private visit.

The President plans to come to Washington, D.C. on June 12 to discuss with the American authorities matters of interest to both countries. Whilst here, he would like to see you at the Gabonese Embassy on June 13, 1979 at 11 a.m. to review the relations between the World Bank Group and his country and the assistance that could be provided to Gabon.

6/8  
I will try and do my very best to advise your office of the topics President Bongo will raise at the meeting.

NS:mld