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McNamara Papers

Travel briefings - Folder 2 of 5

The World Bank Group
Archives
1772504
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Travel briefs, Senegal

Folder 2 of 5

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SENEGAL

2/9/69 Alphonse N'Diaye, Governor of Thies Region
(Sebikotane)
" Mr. Boulanger, Director, Siscoma (agricultural equipment producer)

2/9/69 Papa Ibra Tall, Director of a training center for artistic rug weaving
(Thiès)
" Khalil Sall, Director, Railway Company

2/9/69 Ibrahim Niang, Governor of Diourbel Region
(Bambey)
" Bouboucar Faye, Prefect, Bambey
" Mr. Sanger, Director of the Agricultural Research Station
Mr. Toute, Deputy Director

2/9/69 Thierno N'Dao, Prefect of Diourbel
(Diourbel)
" Mr. Jessula, President of a private groundnut oil mill
Mr. Forrestier, Director

2/10/69 Marcel Croissier, UNDP Resident Representative in Dakar
(Dakar)
Amadou Sow, Director of Union Senegalaise de Banque
Charles Gallenca, President of the Senagalese Chamber of Commerce
Ould Daddah, Executive Secretary of the Organisation des Etats
Riverains du Senegal
Robert N'Daw (Mali), Secretary for Senegal River Studies
Massemba Diouf Senif (Senegal), Secretary for Social and Cultural
Affairs
Oumar Balde (Guinea), Secretary for Integration and Planning
President Leopold Sedar Senghor
Abdou Diouf, Minister of Planning and Industry
Habib Thiam, Minister of Rural Development
Prof. Seydou Sy, Dean of Law School, University
Jean Collin, Minister of Finance
Daniel Cabou, Minister, Secretary General to the Presidency

1/35 424
Proposed Schedule of Visit
for Mr. McNamara

SENEGAL

Sat., Feb. 8 13:00 Arrive Dakar on RK03. No engagement should be arranged on Saturday.

Sun., Feb. 9 08:00 - 17:00 Field trip with luncheon on the trip. The party would be a small group including, possibly, the Ministers of Planning and of Rural Development.

A separate note giving suggestions for a field trip is attached.

No meeting should be arranged until dinner.

Dinner with President Senghor^{1/}
Pres. Senghor

Mon., Feb. 10 ^{08:30} ~~09:00~~ ^{09:45} Meeting with U.N. Representative Croissier.

~~09:30~~ ^{10:30} Meeting with Secretary General of OERS Ould Daddah (small group meeting in the Secretary General's office)^{2/}

^{11:15-11:45} ~~10:00 - 12:30~~ ^{12:00-12:30} Individual meetings with representatives of the private sector and others (to be arranged by Mr. Paijmans in consultation with Government).

^{09:15} ~~12:30~~ Signing of the Loan and Credit for the Groundnut-Millet Project.^{1/}

13:00 - 14:30 Lunch by Minister of Planning Diouf (Governor of the Bank).

15:00 - 16:00 No meetings should be scheduled.

17:00 Departure from Dakar on RK07.

1/ Timing of the dinner with the President and of the signing of the Loan and Credit Agreement will depend on President Senghor's return from his visit to The Gambia.

2/ OERS is the newly created organization of riparian States of the Senegal River which includes Senegal, Guinea, Mali and Mauritania. A visit to the headquarters of the organization would be a courtesy to the countries involved. The head of the Secretariat is the brother of the President of Mauritania.

Suggestions for a one-day field trip
during Mr. McNamara's Visit to Senegal

Dakar-Thies-Bambey-Diourbel (by car, about 200 miles round trip)

08:00

Dakar (Hotel) Depart

On the road to Thies, the party would drive by SIES (the IFC financed fertilizer plant) and would visit SISCOA (the Senegalese producer of farm implements of the type to be procured under the groundnut-millet project) and meet the manager of the company. Since Mr. McNamara would be accompanied by the Minister of Planning Mr. Diouf and the Minister of Rural Development Mr. Thiam, it would give him the opportunity to discuss some aspects of Senegal's industrial development.

09:40 - 10:20

Thies

Short visit to the town, which is the second most important industrial center of Senegal, and drive by the installation of the Senegalese Railways (to which an IDA credit was granted, and a new credit might be granted within the next 3 to 4 years). The short tour of the city would give Mr. McNamara an impression of the kind of industrial development taking place in Senegal.

11:15 - 13:30

Bambey

Visit to the Agricultural Research Station (the most important in West Africa) and lunch.

14:00 - 14:45

Diourbel

Commercial center, located in the heart of the groundnut basin. Meeting with local extension workers and with expatriate experts from SATEC (financed in part under the groundnut-millet project) and visit to a groundnut cooperative.

17:00

Dakar

Arrival at hotel.

MR. MCNAMARA'S TRAVEL SCHEDULE FOR SUNDAY, 9 FEBRUARY, 1969

1. You will be accompanied by:

Minister Abdou Diouf, Minister of Planning and Industry
Governor of the IBRD

and

Minister Habib Thiam, Minister of Rural Development

2. Protocol has been reduced to the absolute minimum acceptable to the Senegalese authorities and no speeches will be made, but it is obvious that a certain number of manifestations cannot be avoided. There will be four points at which the local population will be massed as is customary on occasions comparable to your visit. At two places you will be invited to leave your car for five-minute presentations to Town Councillors. At regional borders, of which two are to be crossed during the day, you will be joined by the Region's Governor who will then accompany you and the Ministers.
3. a.m. 08.00 Departure from Palace.
- 08.20 SIES fertilizer factory - pass by only; no visit has been planned.
- 08.40 Sebikotane, village at the border of the Thiès Region, where you will be welcomed by the Region's Governor, Mr. Alphonse N'Diaye and by the Prefect of Thiès, Mr. Massan Doye.
- 08.55 Siscoma, a 30-minute visit of this agricultural equipment producer will take place; you will be guided by the Director, Mr. Boulanger, who has arranged that the factory will be functioning.
- 09.35 Thiès, a short stop (5 minutes) will be made in front of the Town Hall and the Town Councillors will be presented to you.
- 09.50 A training centre for artistic rug weaving will be visited. (The Government has particularly insisted on this visit). The Director, Mr. Papa Ibra Tall, has shown his work to Mrs. McNamara about five years' ago in Dakar.
- 10.15 Railway Company. You do not need to leave your car; the Director, Mr. Khalil Sall, will accompany you and drive through the complex of workshops, the adjoining village and the new sleepers' factory which was financed by the IDA credit.
- 10.40 Departure from Thiès.

- 11.10 Border between Thiès and Diourbel Regions, where you will be received by the latter Region's Governor, Mr. Ibrahim Niang, and the Prefect of Bambey, Mr. Bouboucar Faye.
- 11.25 Agricultural Research Station. A short visit will be made to the installations and experimental fields whereafter a meeting between you and the Station's management can take place. The Director of the Station is Mr. Sanger, and his deputy is Mr. Toufte.
- p.m. 12.45 Lunch at the Research Station.
- 2.00 Departure.
- 2.20 Arrival at Diourbel; a five to ten-minute stop for presentation of the Prefect, Mr. Thierno N'Dao and of the Town Councillors will have to take place.
- 2.35 Visit of 30 minutes to a private groundnut oil mill cum local power company. The company's President, Mr. Jessula and Director, Mr. Forrestier, will show you around.
- 3.20 Pattar; visit to a farmers' co-operative. Meeting with extension workers, technical assistance personnel (a U.S. Peace Corps member, Mr. Tom Lane, will translate).
- 3.45 Refreshments at Pattar, hereafter departure for Dakar.
- 6.00 Arrival at Palace.
4. It will most probably be very hot during the day; for this time of the year unusual high temperatures in the 90° F prevail in the area you will visit. Total distance to be covered is about 200 miles.

CABINET MEMBERS

Minister Delegate to the Presidency of the Republic in charge of relations with the Legislative Bodies and of Religious Affairs	Amadou Cissé Dia
Minister of Foreign Affairs	Amadou Karim Gaye
Minister of Justice	Abdourahmane Diop
Minister of the Interior	Amadou Clédor Sall
Minister of Finance	Jean Collin
Minister of Education	Assane Seck
Minister of Rural Development	Habib Thiam ✓ E-S
Minister of Health and Social Affairs	Abdoulaye Ly
Minister of Planning and Industry	Abdou Diouf ✓ E-S
Minister of Technical Education and Vocational Training	Emile Badiane
Minister of Public Works, Urbanization and Transport	Mady Cissokho
Minister of Cultural Affairs, Youth and Sports	Amadou Mahtar M'Bow
Minister of Commerce, Handicrafts and Tourism	Ibrahima Tall
Minister of Civil Service and Labor	Abdou N'Diaye
Minister, Secretary General to the Presidency of the Republic	Daniel Cabou
Secretary of State attached to the Presidency in charge of Cooperation	Thierno Diop
Secretary of State attached to the Presidency in charge of Information	Abdoulaye Diack

The President of the Republic carries out the functions of Minister of Defense.

MR. LEOPOLD SEDAR SENGHOR

- President of Senegal

President Léopold Sédar Senghor was born in 1906. He received a liberal arts education in France and was the first African to become "agrégé de lettres", which is a high rank in the French Academic Hierarchy. Mr. Senghor taught for a while in French secondary schools. In 1955-56 and 1959-60 he was a Minister in the French Government. In 1948 he founded the Bloc démocratique Sénégalais. In 1960 he became the first President of the Republic of Senegal. Together with President Houphouët-Boigny of the Ivory Coast, President Senghor is probably the most influential leader in French-speaking West Africa. His concept of "African socialism", which combines both Marxism and Christian humanism and which is more a philosophy than an economic doctrine, has received great audience. His ideal of combining French and African culture made him propose an Association composed of all French speaking countries, similar to the British Commonwealth. In French literary circles, he is highly appreciated as a poet and philosopher. He is a personal friend of General de Gaulle and of former Prime Minister Pompidou. The latter was a classmate of President Senghor at the Ecole Normale Supérieure.

MR. ABDOU DIOUF, 35 - Prime Minister

Mr. Diouf was appointed Prime Minister on February 26, 1970 after having been Minister of Planning and Industry since March 1968. He is not a politician but primarily a technician, holding the title of "Administrateur Civil".

In his previous position as Secretary General of the Government, he was a member of the President's personal staff and was regarded to have considerable influence on Government decisions.

In 1962-63, Mr. Diouf was Permanent Secretary (Directeur de Cabinet) in the Ministry of Foreign Affairs after having served as Governor of Sine-Saloum for two years.

Mr. Diouf has completed the "Ecole Nationale de la France d'Outre-mer", one of the famous "great schools" in France, in 1960 and holds an M.A. degree in law from the University of Paris. He is a descendant of an important chief's family from Louga (North Senegal).

MR. ADAMA DIALLO, 42 - Secretary of State for Planning

A native of Sedhiou in the Casamance Region, Mr. Diallo attended the Agricultural School at Louga. He then worked in the private sector in Casamance and in a private bank (Credit Lyonnais) in Dakar after which he resumed his studies to graduate in 1961 as "Administrateur des Hautes Etudes d'Outre-mer". He then took service at the Ministry of Finance. When he left the Ministry last year to become a cabinet member, he held the rank of Directeur de Cabinet of the Minister. In February 1970, Mr. Diallo became Secretary of State for Planning reporting to the Prime Minister and Governor of the Bank for Senegal. Mr. Diallo has been a member of the Senegalese team for all loan and credit negotiations with Senegal.

KEY MEMBERS OF THE CABINET

MR. JEAN COLLIN, 45 - Minister of Finance

Mr. Collin, of French descent, is Minister of Finance since February 1964, when he replaced another former Frenchman, who died in office. Although of French origin and living in Senegal only since 1946, he is regarded in his present position as a politician as well as a technician. He is married to a niece of President Senghor and is a member of the ruling committee of the sole party (Bureau Politique du Parti).

From 1960 to 1964, Mr. Collin was Secretary General of the Government (a position held afterwards by Mr. Diouf) and Permanent Secretary of the Defense Council. During the transition period from colonial rule to independence in 1960, he was governor of the Cap Vert region, which includes Dakar.

From 1946 to 1960, Mr. Collin held different positions in the French colonial administration in Senegal.

Mr. Collin has completed the "Ecole Nationale de la France d'Outre-mer", one of the famous "great schools" in France. He holds a diploma from the graduate school of oriental languages in Paris and a M. A. degree in law.

As traditional in French political circles, Mr. Collin is mayor of a small town, Joal, the hometown of President Senghor.

MR. ABDOU DIOUF, 34 - Minister of Planning and Industry

Mr. Diouf has been named Minister of Planning and Industry in March 1968 following the cabinet reshuffling after the general elections of February. He is not a politician but primarily a technician, holding the title of an "Administrateur Civil".

In his previous position as Secretary General of the Government, he was a member of the President's personal staff and was considered to have considerable influence on Government decisions.

In 1962-63, Mr. Diouf was Permanent Secretary (Directeur de Cabinet) in the Ministry of Foreign Affairs after having served as Governor of Sine-Saloum for two years.

Mr. Diouf has completed the "Ecole Nationale de la France d'Outre-mer", one of the famous "great schools" in France, in 1960 and holds an M. A. degree in law from the University of Paris. He is a descendent of an important chief's family from Louga (North Senegal).

Speaks very little English. Probably the brightest and most influential member of the govt.

Key Members of the Cabinet.....(cont'd)

HABIB THIAM, 36 - Minister of Rural Development

Mr. Thiam was named Minister of Rural Development in March 1968. He is not a politician but primarily a technician with a good experience in economics. From 1962 until 1968, Mr. Thiam was the head of Senegal's economic planning office, first, as secretary of State, and later as Minister of Planning. In this capacity he was the chief negotiator with the Bank for the railway loan (1966) and the port credit (1967). He thus knows the Bank's philosophy quite well and appreciates it.

From 1960 until 1962, Mr. Thiam was permanent secretary (directeur de cabinet) in the Ministry of Foreign Affairs.

- Mr. Thiam has completed the "Ecole Nationale de la France d'Outre-mer" and holds an M. A. degree in law from the University of Paris. He is a native of St. Louis.

Speaks English very well. Replaced by Diouf but still influential.

Mr. Jean Vyan de Lagarde, 60 Ambassador of France in Senegal

Mr. Vyan de Lagarde was accredited as French Ambassador to Senegal in June 1964. He is a career diplomat who reached the rank of ambassador in 1957. Before going to Senegal, he served as Ambassador to Mexico and Luxembourg.

From 1954 to 1957, Mr. Vyan de Lagarde held a high post in the Ministry of Foreign Affairs in Paris after having served as Consul General in San Francisco (1948-52) and New York (1952-57).

Mr. Vyan de Lagarde holds a MA in Liberal Arts and a diploma of the graduate school of political science (Ecole des Sciences Politiques).

Mr. L. Dean Brown, 48 United States Ambassador to Senegal and to The Gambia

Ambassador Brown was sworn in as Ambassador to Senegal and to The Gambia in November 1967 after having served since 1966 as country director for the two Congos, Rwanda, Burundi, Madagascar and Mauritius in the Bureau of African Affairs, Department of State.

Appointed a Foreign Service Officer in 1946, Ambassador Brown has had tours of duty in Leopoldville (1946), Canada, Paris, London and Rabat (1962). In 1965 he became Director, Office of Central African Affairs.

Ambassador Brown was raised in Garden City, Long Island. He earned his B.A. degree at Wesleyan University and attended Columbia University before serving in the U.S. Army during 1942-46.

an ally ambassador. appears to have cordial relationship with Pres. Senghor.

MARCEL CROISIER, 60

- Regional Representative of UNDP in
Northwest Africa (Senegal, The Gambia, Mauritania)

Mr. Croisier, a French national, is in his present position since 1964, after having served in the same capacity in Gabon from 1961-1963. He is a civil engineer and army officer by training.

Since 1951 Mr. Croisier has worked mostly as a UN expert in the field of industrial development in Afghanistan, Colombia, Nicaragua and Cuba. From 1940 to 1951 Mr. Croisier held different positions in the French administration, mainly in the Ministry of Trade and Industry. Before, he worked for 10 years as engineer in the private sector in France.

Mr. Ould Daddah, 27 Executive Secretary of OERS (Organization of the
Riparian States of the Senegal River)

Mr. Daddah, younger brother of President Moktar Ould Daddah of Mauritania, was named the first Executive Secretary of OERS in July 1968 after this organization had been founded in March of the same year. Before that, he was for a short time economic and financial adviser to the President of Mauritania.

Mr. Ould Daddah is an economist by profession and holds an M.A. degree in law from a French university.

Persons outside Government Mr. McNamara might wish to meet

BANKS

Authenticate in English - The ablest Senegalese business man
✓ Mr. Amadou Sow, Director of USB (Union Sénégalaise de Banque)

Mr. Sow is the only Senegalese manager of a private bank. He is known as a good banker and, as head of one of the leading banks in Senegal, has a broad view of the economic situation in the private sector. The new headquarters of USB (which is affiliated with the Crédit Lyonnais in France) were recently inaugurated by President Senghor.

French businessmen

Most important business in Senegal is in the hands of French companies and almost all leading businessmen in the country are French.

✓ Henri Charles Gallenca, President of the Senegalese Chamber of Commerce, President of the Cotoa textile factory.

Mr. Gallenca, (60-65), who has come to Senegal over 20 years ago, represents the French business community in this country. Through his multiple connections in Senegal as well as in France, he serves as an intermediary between the two countries and is active in attracting new French enterprises to Senegal. He is highly regarded by President Senghor. His attitude vis-à-vis the World Bank is rather negative; he resented the Bank's demand to increase port taxes as a condition for granting the loan to the port of Dakar.

Speaks English moderately well. Well informed & influential.

Mr. Pierre Crémieux, director of the cement factory SOCOCIM (Société Ouest Africaine des Ciments)

Although SOCOCIM is a subsidiary of a French company, Mr. Crémieux is one of the few leading French businessmen who have settled down in Senegal and who do not consider their stay in that country as a temporary assignment. He thus takes a great interest in the overall economic and political development of the country.

Mr. A. Bernos, director of the fertilizer factory SIES (Société Industrielle d'Engrais au Sénégal)

Mr. Bernos was formerly part of the management of Taiba phosphate mines in northern Senegal, which supply SIES with phosphate. Since most of SIES's production is locally sold, Mr. Bernos is well informed about the agricultural situation in the country and its development possibilities. IFC has a \$3.2 million interest in SIES.

Senegalese businessmen

In August 1968, a group of leading Senegalese businessmen formed an association to better protect their common interests since the

Senegalese businessmen.....

Senegalese Chamber of Commerce represents almost exclusively French business interests. The two leading members of this group - called CO. FE. GES, Conseil fédéral des Groupements économiques du Sénégal - are its president, Mr. Ousmane Seydi and its secretary general, El Hadji Ousmane Diagne.

Mr. Seydi is director of the Compagnie Sénégalaise du Sud-Est, the most important Senegalese-owned wholesaler, with extended business interests in the provinces,

El Hadji Diagne is president director general of SO. SE. CI. (Société Sénégalaise pour le Commerce et l'Industrie) which is not only an important import and wholesale company, but is also active in river and road transport and groundnut decortication. El Hadji Diagne (33) holds a diploma from the institute of Economic Development at the University of Paris.

Other Senegalese personalities of interest

✓ Professor Seydou Sy, Dean of Law School, University of Dakar

Professor Sy, who has been teaching law in Dakar for some years, was appointed dean after the former French dean had left Dakar in the aftermath of serious student uproars in May 1968 and the temporary closing down of the University. He is a representative of the young African elite that enjoyed extensive training in France and is well placed to give an impression of the feelings and attitudes of this important group of young technicians, which will replace the old guard politicians in the not too distant future.

Professor Marc Sankalé, Dean of Medical School, University of Dakar.

Professor Sankalé, older than Professor Sy, is a well-known personality in Dakar and enjoys high social prestige.

Speaks English. Said to be the smartest in Senegal. Very influential in academic community. A true intellectual leader in his country.

AIRPORT STATEMENT -- DAKAR

I am delighted that my first visit as President of the World Bank to Africa south of the Sahara should begin here in the Republic of Sénégal.

To President Senghor, one of the outstanding leaders of all Africa, whose acquaintance I do greatly look forward to renewing, I extend my warmest thanks for inviting me to make this visit.

The World Bank Group has been active in this country for several years. Our activities here will continue, for we intend to participate as willing and constructive partners in Sénégal's further economic development. Our goal is to help you achieve your goals, to contribute to the realization of those ideals of a progressive and prosperous African nation that have been so eloquently expressed by your President.

During my all too brief visit, I hope to see something of the historic and beautiful city of Dakar which, as the headquarters of the Organisation des États Riverains du Sénégal, reminds us of the significant strides being made in this part of Africa toward greater regional cooperation. But I also hope to get to know at first hand something of the agricultural development problems and potential of the countryside outside the cities. While here I shall sign a combined loan and credit agreement for an important project in the agricultural sector, a sector that is vital to Sénégal's

economy. As I told the World Bank's Governors in my speech last September the Bank Group intends to increase fourfold over the next five years, the volume of its agricultural lending. At the same time I said that we shall, over the same period, be tripling our total lending activities on this continent. Not all of this, by any means, will be devoted to agriculture, for economic progress depends on the development of other sectors as well as agriculture. Just what our contribution can be to the development of these several sectors will, I hope become clearer to me after this visit to Africa.

In the meantime, I want to assure you of our eagerness to help you to stimulate still further the already impressive growth of your nation's economy. Wise leadership and willing hands are steering this nation along the path of progress. In the words of your national anthem -- the words of President Senghor himself --

"The sword we shall place in the scabbard of peace,"

"For work will be our weapon and the word."

Work is our weapon too in the fight to improve the quality of life in the developing world. During my visit here, we shall discover, I am sure, still more ways in which we can work together for the continued economic development of this fortunate Republic.

DRAFT REMARKS AT SIGNING OF SÉNÉGAL
AGRICULTURAL LOAN AND CREDIT AGREEMENTS

Mr. President:

I am particularly pleased that during my first visit to Sénégal I ^{have the opportunity} am able to sign with ^{you} Your Excellency this combined loan and credit agreement. ^{You} The very important agricultural program, whose continuation we are helping to finance, affects more than a quarter of the Republic's population. How better can we show that the ultimate aim of our assistance is to touch the life of the people and improve it?

As you are aware, the World Bank ~~Group~~ has been active in this country for several years, and the fruits of our joint labors afford both borrower and lender a great deal of satisfaction. But the task ^{as you have} ^{pointed out} is far from finished. The goals of economic development are not reached overnight. But partnership quickens progress, and as President of the World Bank I intend that our partnership in your progress should be continuing and effective. I told the Governors of the Bank in September of my intention to triple the volume of our activities on this continent over the next five years. I hope and believe that Sénégal will share fully in this expansion of our operations. We will continue to make every effort to find out where and how ^{we} our loan funds can be put to the most effective ^{use} use in support ^{of this} of your country's development. World Bank ^{loan are} ~~Group finance~~ is already at work in the transportation and industrial sectors of your economy. Today new funds go to work in the vital agricultural sector. In the months and years to come we shall, I am sure, with

~~your continued energetic cooperation,~~ find new areas in which we can assist you.

A major task for us here in Africa is to work, together with the governments themselves and with other international agencies, to create a flow of important projects suitable for external financing. ~~Our Permanent Mission in Western Africa is already hard at work at this.~~ I am convinced that these ~~priority~~ projects will be forthcoming, otherwise I would not be talking to you today about tripling our lending on this continent, or for example, of quadrupling our world-wide assistance to agricultural development. These are not wishful thoughts but reasoned estimates. They are the realistic targets that we have set, and we have every intention of reaching them.

I cannot let this occasion pass, Mr. President, without noting how your own keen personal interest in every facet of Sénégal's economic development enhances our joint endeavors here. In the short time that I have been in this country, I have seen for myself something of the great progress already made, and I have gained a vivid impression of the energy and enthusiasm with which the people of Sénégal are meeting the development challenge. Your wise leadership and ^{your} eloquent encouragement guarantee the nation's continued determination to take full advantage of every development opportunity. I want you to know that we at the World Bank are ^{anxious} willing to give you and your nation our ready support wherever and whenever we ^{can find} ~~feel~~ we have a constructive role to play in the economic development of this forward-looking Republic.

You said I hated speeches. That is not quite true. I hate giving them. But who could fail to enjoy hearing a speech by such a master of the language as yourself.

To: Mr. President
Seymour
Feb 69

Mr. President

I am most deeply touched by your speech, by your good wishes to my wife and myself, and particularly by your expressions of confidence in me as President of the World Bank. It is my earnest determination to prove worthy of that confidence and trust.

~~I regard my present post as a position of trust for the whole world.~~ I have long regarded the World Bank as something more than just a bank, as a development agency dedicated to the proposition that the wealth of some parts of the world could be used to lessen and finally to eliminate the poverty in other parts. When I came to the Bank it was with these ideals in mind, ideals which were not really new to me as you have indicated by your reference to the speech I made in Montreal as United States Secretary of Defence. The same thought has been put more succinctly than I did, and more eloquently by the Pope in his charismatic phrase "Development **IS** Peace".

But since I have been at the Bank, I have had it borne in on me that development today -- like peace -- faces mountainous difficulties. On the part of many of the richer and more impatient nations there is a

..2/ (disillusionment)

disillusionment and disenchantment with an aid effort which has cost many billions of dollars over two decades, and has still not achieved a final solution. Amongst many of the developing nations there is equally a deep sense of frustration that with all their own efforts, and with some external assistance, the gap between the rich nations and the poor nations grows, and the standard of life in the developing nations rises, ~~yes,~~ but rises so slowly that it is almost imperceptible to their peoples.

Faced with disillusionment and frustration amongst so many of our members I had to decide what the Bank could do in this unpromising situation. I have been determined on one thing: the Bank can and will act; it will not be paralysed by disenchantment. I believe that we CAN assist development,

~~I insist that we SHALL do so,~~
 and I hope that ^{by doing so} we shall thus give a lead to which all the richer nations will respond.

For there is no cause for despair. There is every reason for hope. In my own country, in Europe from which I have just come today, in Japan which I visited a few months ago, I have witnessed the ~~exaltation~~

creation of a production machine which could abolish poverty from the earth by the year 2000 which you mentioned, Mr. President, as the year in which you hope to acced to the industrial society.

In Asia, which I visited at the end of last year, I have seen the beginnings of an agricultural *evolution* production which, if it is not overwhelmed by a population explosion, could banish hunger from those lands in *a few short years* reasonable time.

And now I have come to see Africa, the ~~developing continent par excellence.~~ Here too I come with hope, for I have heard much of achievements in this part of the world not only from my colleagues *in the Bank,* Mr. Knapp and Mr. Rosen, but also from my wife who has visisted here before, and from my daughter who has worked in the schools of one of your neighbouring states.

And who, Mr. President, has not heard of you and your work as one of the great African leaders of thought and action. ~~I have certainly heard and read so much that today is marked as a great day in my life -- the day I met President Senghor.~~

I did not begin my adult life, Mr. President, as a banker, nor as a Defence Secretary, nor even as an automobile manufacturer. At ^{the} University I studied philosophy, and I still remember that ideal Republic described by Plato, organised by its poets and ruled by its philosopher kings. I believe that in Senegal, under your Presidency, I shall find something of that ancient and enduring ideal. ~~I am proud that the World Bank can be a partner in your efforts; I am determined that we shall do our utmost to help you and the people you lead.~~

Ladies & gentlemen, I know you will wish to join ^{with} me & my wife in a toast to a lovely lady, Madame Senghor and her husband, the President, who is leading his people forward with ^{such} intelligence, grace and ^{purpose} determination.

1/10/69 Senghor

"were 9/68 estimates constant or market prices".

Have reached a cul de sac because of weakening of terms of trade. When left protection of French market & eyes are - indeed worried by 3 bad crops -
∴ peasants reduced their purchase of fertilizer + hence fertilizer plant is adversely affected: govt must ∴ subsidize fertilizer -

The "Other problem" is competitive bids for ^{Siscomps} Siscomps - they should be prepared because tools are adapted to local farms + repair stations ^{are established}
A 3rd problem is power & water auth - are making large projects + govt is now negotiating with them - the leaders of the auth: want govt to nationalize them but Pres is refusing - his philosophy is "govt participation + profit private initiative" -

The govt places emphasis on culture + educ because an educ'ed man works better - devote 2/3 of govt expend. to educ - intends to make Univ. more functional on pattern of US, e.g. Univ of Cal. -

Give govt importance to painting, sculpture, sports to allow for the full creativity, tradition, + pride. Wants a museum for African art.

But 3 1/2 million people can't create an economy by themselves, much less a civilization: ∴ want to create larger econ. + pol. organ. - fights against Balkanization of African states.

Hopes for irrigation project on 50,000 t. cotton quadruple crop output.
African unity will not be based on opposition to "lesuns" but on regional unity; are making progress towards west African gp; will be difficult to establish because must include British + French speaking - long list of opposers.

2 primary educ plans to move away from french system - will orient
primary to 5 yrs with 6th grade & do away with "certificates". In 6th grade

2 options of "academic" or "technical" or "apprenticeship".

Want compulsory educ to 15 with 1/4 going on.

Want to put educ eye on research; Fr system of entrance, but also
where lower level of effectiveness. And associate with this given
creativity & traditions.

Pres said Senegal imports not 3/5 but only 1/4 of food. West "Plan" has objective
of food self-sufficiency. French regime had geared the economy to
export & it is important now to diversify.

TOAST OF THE PRESIDENT OF THE REPUBLIC OF SENEGAL

ON THE OCCASION OF THE OFFICIAL VISIT OF

Mr Robert MC NAMARA
PRESIDENT OF THE WORLD BANK

(Saturday, 8th February 1969)

Mr President of the World Bank,

It is a rare privilege indeed for an under developed country, to receive the President of the World Bank, on an official visit. For this reason, we deeply feel the honour you give us to-day and we appreciate, to its true extent, the particular kindness of your gesture. Mr President, I know how much, the man of action you are, abhors speeches and so, I

.../...

shall not be long. I however wish to point out in a few words, the importance my country gives to your visit, a visit which we regret to be so short.

+

+ +

Senegal, having to face, like so many other countries, the exacting realities of underdevelopment, is determined to step out of this situation and accede to the industrial society towards the year 2.000. This ambition, while imposing to us, first the methodical mobilisation of all our material resources and all our human potentialities, implies however calling upon international, technical and financial aid.

This is why the world Bank and particularly its subsidiary the A.I. D. represent to us the greatest hopes. This is why their leaders and experts are always welcome in our country. This is also why we were very pleased with the visit, a few weeks ago, of Mr Knapp, Vice-President of the I. B. R. D. , and of Mr Rosen, Executive Vice-President of the I. F. S. , a few months ago.

.../...

But what touches us to-day, above all, and fills us with optimism, with regard to aid to our development, is that the President of the World Bank, Mr Robert Mc Namara, should be anxious to make a direct contact with african realities, and should honour our country by visiting it first in Africa. Allow me, Mr President, to hold this particular care of yours as the first stage of the program both clearsighted and generous for Africa, which you set out before the anual meeting, last September, of the Governors of the World Bank.

Mr President, you know the enthusiasm with which we saluted your appointment as President of the World Bank. You were indeed preceeded by a great reputation : you symbolised the spirit of method, organisation and efficiency. These represented, for all the member states, the assurance of an efficient administration of this great financial institution.

But I knew that there was still more in you : a man of passion, that is to say of generosity. This is why we,

.../...

Africans, had yet another reason to believe and hope. We knew that long before your appointment as President of the World Bank, you had, as Defense Secretary of your country, perceived the importance and seriousness of the problem of underdevelopment : that you pleaded the necessity of finding urgent solutions to that problem for fear of a world tension and explosion. I personally admired your high-mindedness, your spirit of synthesis, in your speech delivered in Montreal, on 18th May 1966, when you associated the two notions of security and development, and the lucid passion altogether persuasive, with which you pleaded the cause of our countries before the rich nations.

As soon as you took functions in the Bank, your first deeds and words confirmed the hopes of the peoples of the underdeveloped countries and particularly of the african people. It was as if a new wind was blowing, as if a new Gospel was spread out. The first administrative measures aiming at the reorganisation of the Bank, affected the African Desk which was divided into two sections in view of a greater efficiency.

.../...

Your speech before the yearly Assembly of the Governors, and later before the Economic and Social Council of the United Nations, stressed the new importance to be given to Africa, a Continent which, in your opinion should be provided, for the 5 coming years, with three times more estimates than allocated during the five past years.

And what to say of your initiative to appoint an Independent Committee, composed of distinguished personalities and presided over by Mr Pearson, former Prime Minister of Canada, and entrusted with the task of making a detailed survey of international aid to Development in order to draw all necessary conclusions for the future.

Finally, there is this new style, embodied in your visit abroad, your anxious desire to see and to know in order to better understand and act. Hence your visit to Africa, barely 10 months after to took up your duties.

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+ +

.../...

For all these reasons, Senegal is once again happy and proud to welcome you. Our country has, of course, received several tokens of interest from your institutions. I should only recall the three loans already granted to the Railways, the Port of Dakar and the Fertilizer Industry. Not mentioning the loan for agricultural development which I shall ^{be} pleased to sign with you on Monday. In your visit, however, we see an incentive to persevere in the way we have chosen : that of a rational planning giving priority to production, that of a strict financial management, enabling us, in spite of a conjunction made more acute by abnormal droughts and the stagnation of our revenue, to stand in front of you with a small indebtedness and therefore a possibility of resorting to greater loans of the A.I.D. type in order to finance our development.

And so do we eagerly call for the speedy reconstitution of the resources of the A.I.D. We know, Mr President, that this problem is one of your major concerns. This is why, supporting your efforts, we take this opportunity to appeal to the great American nation, so that she may satisfy your pressing requests. We are convinced that the American Congress

.../...

will hear your voice and our voices, and that before the end of this semester, the American Government will be able to pay its contribution towards the reconstitution of the A.I.D. -funds.

Mr President, I have said so before and may I repeat it, we trust you. We have confidence, knowing that you are a man of Faith : faith in your mission, faith in Man in his prominent dignity and his perfectibility, faith in a better world because better balanced, more just and more peaceful. This faith which I can probably trace back, from your old mystical Irish background, will obviously not immediately move mountains. However, united to the faith of other men of goodwill, it will enable us to move up, daily, with courage and determination on the hard but exciting road to our Development.

Ladies and Gentlemen, I invite you to raise your glasses and drink to the health of Mr Robert Mc Namara, President of the World Bank, of Mrs Mc Namara, whom we respectfully salute, to the strengthening of the ties between the World Bank and Senegal, to international cooperation for Development and Peace.

Area : 76,100 square miles

Population : 3,570,000 (1966 estimate)

Rate of growth : 2.2 - 2.5% per year (Bank projections are based on 2.4%)

Population density : 47 per square mile (1966 estimate)

Gross Domestic Product (at factor costs)	1960	1965	1966	1967	1968 ⁽¹⁾
at current prices (million US \$)	535	644	683	659	672
per head ⁽²⁾ (US \$)	172	185	191	180	180

rate of growth of total GDP (current prices) / 2.9% p.a.

estimated rise in prices / 2-3% p.a.

Structure of GDP at market prices (1965)

<u>Origin</u>	<u>%</u>	<u>Uses</u>	<u>%</u>
Agriculture	27.9	Private consumption	74.8
Mining, Manufacturing, Construction	16.6	Public consumption	15.5
Services	40.1	Gross investments	11.8
Government	15.4	Net foreign balance	- 2.1
Total	100.0		100.0

Senegal is involved in the 5% world.

Savings and Investments (in % of GDP at market prices in 1965)

Gross investments	11.8
Gross national savings	6.3
Resource gap	5.5

80% of this investment program must be financed from abroad

<u>Government Budget (million \$)</u>	<u>1962/63</u>	<u>63/64</u>	<u>64/65</u>	<u>65/66</u>	<u>66/67</u>	<u>67/68</u>	<u>68/69</u>
Current revenues	140	137	149	145	143	145	149
Current expenditures	121	129	132	134	135	139	149
Current surplus	19	8	17	11	8	6	-
Development budget expenditures	22	28	34	12	19	16	24
Total deficit	3	20	17	1	11	10	24

1) preliminary estimate

2) for some other West African countries: Ivory Coast \$237 (1966)
 Ghana 230 - Dahomey 80 -
 Mali 60

Money and Credit

Conversion : 1 CFA franc = \$ 0.004
 1 \$ = 246.85 CFA francs

<u>Public Investments (million US \$)</u>	<u>1965/66</u>	<u>1966/67</u>		
Actual investments	19.9	25.7		
Balance from current revenues	11.3	8.5		
External financial assistance to public sector	6.6	10.4		
<u>External public debt (million US \$)</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
	December			June
Total debt outstanding (end of period)				
disbursed only	66.6	67.9	67.8	66.8
including undisbursed	71.1	79.7	82.0	80.7
Total annual debt service	2.8	3.6	3.6	3.7
<u>Balance of Payments Estimates (million US \$)</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	
Total Imports	181	174	175	
Total Exports	156	180	162	
Invisibles	+ 4	+ 4	n.a.	
Current account	- 21	+ 10	n.a.	
Debt service ratio (over exports)	1.8%	2.0%	2.2%	
Gross foreign exchange reserves ⁽¹⁾ (million US \$)	23.2	32.5	24.2	
months' imports	1.5	2.2	1.6	

1) External assets imputed within the West African Monetary Union

POLITICAL SITUATION

Senegal became independent in 1960 as part of the Federation of Mali, which however broke up within a few months resulting in the creation of Senegal and Mali as two fully independent states. Since then, the country has enjoyed satisfactory political stability which has been troubled only twice. In 1962, a conflict arose between the President and the Prime Minister who was in favour of more state intervention and control. The conflict ended with the Prime Minister being removed from office. The disturbances in France during May/June 1968 stimulated a similar movement in Dakar which was however short lived. It would seem that at present the political situation is somewhat strained mainly as a result of the economic stagnation starting to bite into the population's standard of living. Consequently, President Senghor has to manoeuvre with care on the domestic scene. Since 1966, Senegal is de facto a one party state. The regime, which depends primarily on the personality of President Senghor, is as democratic and liberal as can be found today in Africa. Senegal remains basically a free enterprise economy. Performance of public administration is satisfactory by African standards.

Senegal's relations with the Western world and with other African countries are cordial. The creation of the Organization of the Riparian States of the Senegal River in March 1968 brought about a strengthening of relations with neighboring states.

Senegal forms part of the French-backed West African Monetary Union and is an associated member of the European Economic Community. The Yaounde Convention which governs association with EEC expires on June 30, 1969. Negotiations in view of the renewal of the Convention are going on but completion on schedule appears unlikely. This may cause a lag in commitments of FED assistance to Senegal.

*decrease of per
Aug 70 ERS*

*What is the
you
attention*

*What are Senegals
views on future
pol. organ in Africa
stability? govts;
regional strength;
African vars;
African vars;
A) proper of French?
educ in Africa
B) P.R. program*

THE ECONOMY

Senegal, which is among the best developed countries in West Africa (per capita income of \$180), has in recent years been confronted with serious economic difficulties due to its declining role as the industrial and commercial center of former French West Africa and due also to the fall in prices of groundnut, its major export commodity, followed by a fall in the demand for locally-manufactured products. The average increase of GDP of 2.9% p.a. between 1960 and 1968 was only marginally higher than the estimated price increases over the same period (2-3% p.a.) so that the population growth of 2.2-2.5% p.a. resulted in a fall of real per capita incomes of about 2% per year. The economic stagnation was worsened by a high price/high cost structure inherited from the pre-independence period and perpetuated by the membership in the West African Monetary Union which prevents unilateral changes in the exchange rate. While the industrial sector has little chance of expansion in the short run, Senegal has to rely heavily on her agricultural potential.

In the short term, Senegal is compelled to increase the output of existing cash and subsistence crops (mainly groundnut and millet) without sizable increase in acreage. In the medium and long term, however, economic development is only possible by diversification of agricultural production and by utilizing hitherto untouched reserves of quality land in the Southeast. As outlined in the operational part of this briefing paper, the Bank Group has provided assistance or intends to do so for all three key fields mentioned above. The groundnut-millet project is in line with the short run policy as will be the feeder road project presently under consideration. Rice development and assistance for settlement schemes which are both envisaged will support the long run objectives. Senegal's Third Four-Year Plan (1969-1973) which is presently being prepared is in accordance with the above priorities.

The financial situation of the Government has considerably deteriorated over the last few years. As a result of economic stagnation, reduced investments, and the departure of most French military and civilian personnel, which led to a fall of imports of over 10% between 1959 and 1967, Government revenues have stagnated since 1961 while current expenditures have increased at about the same rate as the cost of living. In consequence, the former surpluses of the current budget were reduced and have completely disappeared by now so that no local public savings will be available to participate in the financing of the Third Four-Year Plan, which foresees public investments of about \$300 million, the financing of which remains to be found. As the level of taxation is already near the point where further tax increases tend to show negative results, few possibilities exist to raise tax rates while it would be politically very dangerous to compress current expenditures, so that this difficult financial situation will likely continue until Senegal's economy starts to grow again.

✓ That has
seen cause
of economic
stagnation
which is
attributed to
her economic
growth

Population Problems in Senegal

Overall Situation

1. The last census dates from 1960-61, and was based on a 2% sample in rural areas and a 5% sample in urban areas. It indicated a total population of 3,110,000, of which 3,048,000 Africans (98%) and 61,700 non-Africans, mostly French and Lebanese. Fifty-one per cent of the total population is between 15-59 years of age, 43% is under 15 and 6% over 59 years of age. Over 80% of the active population is engaged in agriculture, livestock or fishing, 72% of the total population lives in villages of less than 5,000 inhabitants (345,000 persons, or approximately 12% of the total population, live in the capital, Dakar).

2. The census indicates an annual growth rate of 2.7% (birth rate 4.3%, death rate 1.6%). While the birth rate is generally considered realistic, the death rate is clearly underestimated and subsequent estimates put it at 1.8-2.1%. This results in a growth rate of 2.2-2.5%. Child mortality is high, with a death rate to age 5 of 40-50%.

3. The density of population is low, averaging 41 persons per square mile and only 33 if the non-agricultural population is excluded. Considerable amounts of good agricultural land are still unutilized and could be brought under cultivation without improving traditional techniques and with little additional investments. In fact, this has been the trend in the past and if imports of rice have increased it is mainly the result of a shift in consumer preferences from locally-grown millet towards imported rice and not of the inability of Senegal to feed an increasing population.

4. Thus, until now, population growth has not been a serious problem in Senegal. However, there exists a potential for a much faster growth of population; the considerable fall of the high death rate - particularly the high infant mortality rate - that can be expected over the next decade as a result of expanding health services in the country side would result in a population growth rate of over 3% if the high birth continues unchanged, and would thus create increasing economic difficulties.

5. Until now, the Government has undertaken no action to influence birth rates. There is however a growing awareness among some top officials in Government (including the President and the Minister of Planning) that high population growth is hampering economic development and might impede achievement of the goals set by President Senghor (tripling of per capita incomes by the year 2000). The old French anti-contraception law of 1920 is legally still valid, but is not enforced, and increasing numbers of upper-class Senegalese are using contraceptives. No program exists, however, to promote family planning programs.

*Why not
of subjects*

*what is
govt's view
of outlook*

*These
necessary
to show
rate of
growth*

*What is
govt's plan
for tackling
high infant
mortality
rate? It has
been
decided in
Senegal*

Regional distribution of population

6. Although the overall population density is low, and the country can well support a much greater population, population is unevenly distributed, and there are regions where overpopulation is a problem. For historic reasons, political reasons and health reasons, the southeastern part of the country, which enjoys the best rainfall and has good quality soil, is sparsely populated, with densities of only six persons per square mile, while in the centre of the groundnut region, the density of rural population exceeds 130 and land is scarce. This situation has given rise to a continuous migration of farmers from the overpopulated centre and the dry north to the south and southeast, partially organized by religious leaders (marabouts) partially not organized at all. The Government has begun to study ways and means to increase this spontaneous migration and to use it as a vehicle to introduce modern agricultural techniques and agricultural diversification. A preliminary report has recently been submitted to the Bank for consideration and is being studied by the Agricultural Projects Department (Project entitled "Terres Neuves" - New Lands).

*does
I don't
believe
it should
shift too*

*what are
conclusions?
how can
we help*

*total project: 600 families in 1-5 yrs
possible 6000 - 10-15 yrs*

OPERATIONS

*Price question:
how far the country get
increase its per capita
income*

A) Bank Group Operations as of January 31, 1969

(i) Before independence (in 1954), the Bank made a \$7.5 million loan to the West African railways (100-FR) which partly benefited Senegal. This loan is now fully disbursed.

(ii) An IDA credit (No.96 SE) of \$9.0 million was made in September 1966 for the rehabilitation of the Senegal railways (coupled with a credit for the rehabilitation of the Mali railways). Execution of this project has been slower than planned due to delays in bidding procedures and to weakness in the management. This project is expected to be completed in mid-1970, which is one year behind the original schedule.

(iii) A Bank loan (No.493 SE) of \$4.0 million to the Port of Dakar Authority in May 1967. Also for this project, the implementation has been slower than planned but the last supervision mission reported satisfactory progress. The project is expected to be completed in late 1970, which is about ten months behind schedule.

(iv) In 1966, IFC invested about \$3.46 million in a Senegalese company, Société Industrielle d'Engrais du Sénégal, established to build and operate a \$12.4 million fertilizer plant near Dakar.

(v) A Bank loan of \$3.5 million and an IDA credit of \$6.0 million for an agricultural credit project (groundnut-millet) have been approved by the Executive Directors on January 14, 1969. The effectiveness of the loan and credit would depend on:

- a) the signature of an agreement satisfactory to the Bank/IDA between the Government and the Banque Nationale de Développement du Sénégal regarding on-lending of part of the proceeds of the loan and the credit;
- b) contracting the firm of consultants to assist in the management of ONCAD, the cooperatives' supply and marketing organization, on terms and conditions satisfactory to the Bank/IDA.

*review each
these with govt*

B) Prospective Operations

*currently import 120 000 tons of food (2/3)
consumption (we invest concentrate
on food production projects)*

(i) Feeder roads: This project is linked to a feasibility study by a Senegalese consulting firm which should be available shortly. It is being envisaged for fiscal 1970 in the Five-Year Program.

*move to food
self-sufficiency*

(ii) Development of rice cultivation in the Casamance region: Feasibility studies for this project are about to be completed and an identification mission from PMWA is scheduled for end January. This operation is envisaged for fiscal 1970 in the Five-Year Program.

Develop livestock projects - c) develop a quality fish effort (fisheries)

(iii) Education: A reconnaissance mission visited Senegal in May 1968. The mission and the Government agreed that identification of an education project would have to await completion of the new investment program for education which will be part of the Third Plan. According to recent information, the preparation of this Plan is well advanced. This operation has been included in our Five-Year lending program for fiscal 1971.

*discuss Third
Plan with
govt -
in particular
spots plan
for education*

Operations.....(cont'd)

(iv) Electric Power : The private electric power producer in Senegal (Compagnie des Eaux et Electricité de l'Ouest Africain) intends to expand its production capacity. The investment required would amount to about \$12 million equivalent. Initially IFC financing was envisaged for this operation but lately the Government has expressed a preference for a Bank loan to the Republic of Senegal which the latter would relend to the company. Such an arrangement might entail increased Government control over the company, but according to the Minister of Planning and Industry this company would be in full agreement with such a solution since it would be on more favourable terms than IFC financing. ✓

(v) Other: A second railway project might materialize during fiscal 1972. A preliminary review of the Third Four-Year Plan currently being prepared shows that, in addition, project possibilities might exist for infrastructure for settlement schemes in the Southeast, telecommunications, tourism, airports. These projects depend on completion of the planning exercise now foreseen by mid-1969 and on the ability of Senegal to participate in the financing. Very preliminary discussions on these projects are taking place. ✓

*Put as the
plan - no. 1
people, etc.*

*that
source*

During the period of the Bank/IDA five-year lending program, Senegal is expected to be able to absorb for already identified projects an amount in the range of US \$25 - 30 million. It would not seem unrealistic to estimate that after completion of the Senegal Development Plan and as a result of ongoing discussions an additional amount in the range of US \$10 million might be added for "unallocated". Senegal will have to be rated essentially as an IDA country.

DISBURSEMENT:

The IBRD Loan and the IDA Credit would be made at the same time and for the same purpose. The allocation of proceeds would be the same for both the Credit and the Loan. The IDA Credit would be entirely disbursed before the Government of Senegal would draw on the IBRD Loan.

ESTIMATED
ECONOMIC RETURN:

25%.

PART III - THE PROJECT

10. An appraisal report entitled "Agricultural Credit Project - Senegal" (TO-685a) on the proposed project is attached.

11. Agriculture is Senegal's main economic sector, employing 70% of the active population. Subsistence farming predominates, and groundnuts are the one important cash crop and the main source of foreign exchange, accounting for about 60% of exports. The other main crops, which are produced for internal consumption, include millet, cassava and rice. The Government of Senegal is making considerable efforts to diversify agricultural production and to increase output in order to increase exports, and reduce imports of foodstuffs and raw materials.

12. The project financed by the proposed loan and credit is an important feature of the overall agricultural development program, and is directed toward solving one of Senegal's major economic problems. Senegal faces a considerable loss of export revenues as a result of the progressive elimination of preferential arrangements for marketing its groundnut crop in France. To compensate for this loss, a five-year (1965-69) production improvement program is being carried out with financing from the Fonds Européen de Développement (FED). The objective of this program is to bring about a 25% overall increase in production of groundnuts, by increasing acreages and yields, while expanding at the same time production of other crops, notably millet. The program directly affects about one million rural inhabitants, over one quarter of the population of Senegal. It involves provision of extension services, subsidies to encourage the use of fertilizers, soil and seed improvement, and processing and storage facilities. The total cost over the period 1965-1969 is expected to be about \$19.6 million equivalent.

*what
had
they
been*

*how much
food is
imported
discuss the
overall
agri. devel.
program
discuss*

13. The proposed project is essentially a continuation on a broader basis, including a redistribution of institutional responsibilities, of the FED-financed program. It is difficult to evaluate the precise impact of the entire program to date because of climatic factors, but its long-term results will clearly be beneficial, particularly in familiarizing farmers with the use of fertilizers and better husbandry practices, and it is expected that the target rate of increase of production (5% a year) will be substantially achieved. The average annual net return to the economy of the production improvement program that covers the period from 1964 to 1972, including the project costs and calculated over a life of 10 years, is estimated on reasonable assumptions at about 25%. If the estimated value of output for the rest of the life of the program were reduced by 10%, the rate of return would be about 20%. If in addition the estimated costs of inputs increased by 10%, then the rate of return would be about 14%.

14. The project will cover the three years 1969/70 through 1971/72. It will provide financing for three interlocking aspects:

- (i) credit to farmers through the BNDS for the purchase of farm implements;
- (ii) improvement of the operation of the Office National de Coopération et d'Assistance pour le Développement (ONCAD); and
- (iii) services provided to the farmers on behalf of the cooperatives which are necessary until ONCAD's operations are improved.

15. ONCAD was formed in 1966 to provide technical services to farm cooperatives, market groundnuts collected by the cooperatives, manage and supervise the production and distribution of groundnut seed, and ensure the supply, distribution and transportation of farm inputs (implements, fertilizer, seed, etc.) to cooperatives. The Government has invited qualified consultants to review ONCAD's operations and to supply the managerial and technical services necessary to improve them. US\$1.75 million equivalent of the proposed IBRD/IDA financing would meet the estimated foreign exchange costs of these services and of fellowships for members of ONCAD's staff. Evaluation of consultants' proposals will be made by the Government, and negotiation of the contract with the successful consultant would be made in cooperation with the Bank.

16. Extension services have been provided in the past by the Société d'Aide Technique et de Coopération (SATEC), a French consulting firm with a majority of public capital. A Senegalese enterprise, Société de Développement et de Vulgarisation (SODEVA) has been formed to take over the SATEC operations. Satisfactory arrangements have been concluded among SATEC, SODEVA and the Government to ensure management of SODEVA by SATEC during its initial years. In addition to the project, the Caisse Centrale

de Coopération Economique, a French Government-controlled agency, plans to contribute approximately US\$1.8 million equivalent towards the total costs of extension services in the project area through a long-term loan.

17. An important measure is the formation of a Project Coordinating Committee to ensure close cooperation between the organizations involved in execution of the project. This Committee would also be authorized to centralize the credit requirements of the cooperatives and to make recommendations as to the size of the overall credit program, thus expediting what has proved in past years to be a cumbersome and involved process.

18. The total cost of the project, covering the crop years 1969/70, 1970/71 and 1971/72, is expected to be about US\$24.2 million equivalent, of which at least US\$7.0 million equivalent would be in foreign exchange. The project will be financed 39% by the IBRD/IDA, 16% by contributions from farmers, 34% by the BNDS from its own resources, and 11% by the Senegal Government. The proposed financing from the Bank and the Association would total US\$9.5 million. Of this amount, about US\$5 million would be disbursed for foreign expenditure, the remaining US\$2 million of the foreign cost of the project representing the purchase of imported fertilizer from funds provided by the Government. The balance of the financing to be provided by the Bank and the Association, amounting to US\$4.5 million, would be disbursed for local expenditure. As noted in paragraph 26 below, Senegal is pursuing a rigorous domestic financial policy despite serious difficulties encountered in recent years; at the same time it is making every reasonable effort to mobilize development assistance from abroad. Senegal has a soundly-designed development program, and additional financing in some form is required if its objectives are to be achieved. Against this background, and in view of the strategic place of the proposed project in the development program, it is considered that the circumstances fully justify participation by the Bank and the Association in this project on the scale proposed.

19. Procurement of implements for which credit would be provided from the proposed IBRD/IDA financing, would be on the basis of local competitive bidding. Local agents of foreign agricultural machinery manufacturers and SISCOMA, a Senegalese firm which produces agricultural implements, are expected to participate in the bidding. This procedure would ensure that procurement is carried out on the most economical basis consistent with the rather simple and specialized nature of the implements being purchased. The Government has agreed that it will promptly grant the necessary licences and foreign exchange authorizations to local agents of foreign suppliers who are awarded contracts.

20. Due to planning requirements and to the time required to work out the necessary institutional arrangements, ONCAD has had to place advance orders covering about one third of the implements and carts needed for the

1969/70 planting season. It is recommended that retroactive financing be accepted for payments made on these contracts since October 1, 1968, amounting to some \$910,000, as well as for about \$25,000 in technical services. The advance orders for implements, in the amount of about \$760,000, were placed with SISCOMA without competitive bidding but it is recommended that, as an exceptional matter, these orders be accepted as a basis for disbursements, especially since the prices obtained appear to be quite comparable with those that might have been obtained through competitive bidding.

PART IV - LEGAL INSTRUMENTS

21. Drafts are being distributed to the Executive Directors separately of:

- (i) the Loan Agreement between the Bank and the Republic of Senegal; and
- (ii) the Development Credit Agreement between the Association and the Republic of Senegal.

The Report of the Committee provided for in Article III, Section 4(iii) of the Articles of Agreement of the Bank, and the Recommendation of the Committee provided for in Article V, Section 1(d) of the Articles of Agreement of the Association are also being distributed separately.

22. The following features of the Loan, Credit and Subsidiary Loan Agreements are of particular interest:

- (a) Section 2.03 (b) of the Loan Agreement provides that, except as shall otherwise be agreed between the Borrower and the Bank, no withdrawals shall be made from the Loan Account on account of any expenditures on the Project until the amount of the Credit shall have been fully withdrawn. In keeping with the foregoing, the Loan and Credit Agreements include an identical Schedule on the allocation of Loan and Credit Proceeds (Schedule 2 to the Loan Agreement and Schedule 2 to the Credit Agreement).
- (b) Section 4.01 of the Credit Agreement incorporates by reference Sections 5.01, 5.02, 5.03, 5.04, 5.05, 5.09 and 5.10 of the Loan Agreement which constitute particular covenants of the Borrower equally pertinent to the Credit Agreement.

QUESTIONS LIKELY TO BE RAISED BY SENEGALESE
OFFICIALS

1. Terms of future Bank group lending

Senegal has always been considered a blend country and was treated accordingly by the Bank (one loan, one credit, one project with mixed financing). The continuous economic difficulties, aggravated by the fall in world market prices for groundnuts, and the uncertain prospects for future economic growth make Senegal essentially an IDA country, with a very soft blend, if any. Concerning local cost financing, it is pointed out in the economic brief, that hardly any local public savings can be expected over the next plan period, and that foreign financing will have to cover a high proportion of project costs. ✓

2. Bank group's readiness to finance substantial part of new Plan (1969-73)

The Bank has already started to look for projects in the new Plan (which is still under preparation) suitable for Bank Group financing and is thus prepared to contribute to the financing of this Plan. However, the budgetary difficulties pointed out in the economic part of the brief, give rise to serious concern as they make it hard for the government to finance substantial local costs of Plan expenditures. ✓

3. Stabilisation of groundnut prices: possible Bank action

Since Senegal's exports depend to over 80% on groundnuts, a stabilization program for world market prices for oils and fats is of high importance for this country, after it lost its preferential markets in France. The outcome of the studies jointly undertaken by the Bank and IMF since 1967 interests Senegal strongly. The Oils and Fats Papers, recently prepared (Jan. 22, 1969) by the Commodity Stabilization Study Staff of the Bank show the interest the Bank takes in this matter, but no solutions have as yet been proposed for groundnuts. ✓

4. Education : types of projects financed by the Bank group

The Government has inquired about possible Bank financing for educational projects. In addition to secondary education, Senegal would like to obtain financing for general primary education and for a university college of technology. An educational project mission is planned to go to Senegal in April, if the findings of an ongoing operational mission will justify such a visit. ✓

*affair
project
ident. work*

5. Tourism : Possibilities of Bank group assistance

The government has vaguely mentioned the possibility of a road project designed to open up several beaches along the coast for tourism and to ameliorate access to the Niokolo-Koba game reserve. Since prices in Senegal are very high, especially for tourists, we are skeptical about tourist possibilities and prospects for tourism - as long as the present exchange rate is not changed.

6. Urbanisation

The newly created urban economics division in the Bank may carry out a case study of Dakar. Material for this purpose has been collected in Senegal and is under study at present in the Bank.

7. Agricultural Diversification : Bank recommendations

The most promising possibilities for diversification are rice in the Casamance, cotton in the south eastern part of Senegal, and on a smaller scale vegetables in the Miayes, the fresh water swamps along the coast north of Dakar. While cotton development is financed by the EEC, the Bank is interested mainly in rice development. For vegetables a study of production possibilities and export markets is a prerequisite for future action.

8. Senegal River Basin Development : Bank attitude

Detailed information is provided in the section of the brief, dealing specifically with this question.

Current Situation of the Banque Nationale
de Développement du Sénégal (BNDS)

1. BNDS plays an essential role in the agricultural credit project which was approved by the Executive Directors on January 14, 1969, since up to \$6.92 million of the proceeds of the Loan and the Credit (\$9.5 million) will be relent by the Government to BNDS for onlending to farmers.

2. A serious deterioration in its financial position, through imprudent investments in industry, and through large increases in staff not justified by any great increase in its activities has recently been reported by CCCE. (1) Losses for the fiscal year to September 30, 1968 are likely to amount to about US\$2.4 million, as against a profit of about US\$0.5 million in fiscal 1967.

3. At the time of appraisal BNDS appeared in reasonably satisfactory position. Since the project emphasizes institution building, BNDS, the credit channel to cooperatives, should also operate on a sound basis. For this reason the following steps are envisaged:

- (a) send to Paris at the end of January a mission consisting of Messrs. Stoneham and Hassid to discuss with CCCE the current position, and if possible, to arrange for a representative of CCCE to go on to Dakar with the mission;
- (b) review in Dakar with BNDS the deterioration which has taken place, and assess the present situation;
- (c) discuss with the Government and BNDS plans to remedy the situation, which would include:
 - (i) provisions for recovery of, and possibly for writing off, the doubtful industrial loans of US\$1.3 million;
 - (ii) phased reduction of the surplus staff;
 - (iii) review of lending policies of BNDS and adherence of senior staff to sound policies.

4. Since Mr. Paijmans will be in Dakar in the week before your arrival he will be briefed in detail on the findings of the proposed mission. We shall therefore be able to determine whether a statement by you to the Minister or the President might help bring about remedial action.

(1) Caisse Centrale de Coopération Economique a French public agency for development financing abroad. The information was received on a strictly confidential basis and should not be revealed to the Senegalese authorities.

*Mention
to the
President
-
essential
would be
working to
send advisors
again -
our project
can't start
until measures
for improvement
have been
decided upon*

MEETING WITH UN RESIDENT REPRESENTATIVE

(ⁿ Mr. Croisier)

- articulate in English; well informed; one of the other UNDP representatives.

Mr. Croisier's biography is given in the Section of the briefing paper "Biographies" .

- Prospects for future UNDP activities in Senegal and in the Senegal River Basin area could be discussed, (see "Senegal River Basin" section). ✓

MEETINGS WITH REPRESENTATIVES OF THE
PRIVATE SECTOR

*de efforts with
Peygman*

Information on several Senegalese and French personalities has been included in the "Biographies" section of the briefing paper. A discussion could focus on the following points:

- climate for private investment in manufacturing and services; ✓
- problem of medium and long term financing of Senegalese enterprises; ✓
- the consequences of Senegal's membership in the West African Monetary Union for investment in manufacturing (perpetuation of a high cost structure because of impossibility to devalue unilaterally). ✓

See Sen IDERS - Senegal Economic Review project ✓

TRAVEL

Field trip Dakar-Thiès-Bambey-Diourbel-Dakar (by car - about 200 miles)

8 a.m. Departure Dakar

On the road to Thiès the party will drive by the SIES fertilizer factory and briefly visit the SISCOMA agricultural equipment factory.

SIES (Société Industrielle d'Engrais du Sénégal) started production in 1968. The planned capacity is 110,000 tons per annum and output is expected to reach 90,000 tons per annum within two years. The factory is expected to meet the whole of Senegal's fertilizer requirements from the 1968/69 production year onwards. IFC invested US\$3.46 million in SIES.

SISCOMA: Was set up by the Government in 1963 to fabricate agricultural and other machinery. It has a capital of CFAF 110 million (\$0.5 million) of which the Development Bank holds 45%, the balance being held by seven French firms. One of these French firms supplies the technical know-how. To date, manufacturing has been confined to agricultural implements and carts of the type which will be procured under the IBRD/IDA financed agricultural credit project for which the Company is expected to be a main supplier.

Thiès

This town is the second industrial center of Senegal. In it is located the headquarters of the Senegalese Railways (to which an IDA credit has been granted and which might be supplemented by another credit mainly for track relaying purposes and purchase of equipment in three or four years). A drive through this town provides an idea of the type of industrial development going on in Senegal.

Bambey

Bambey is located in the "groundnut basin". Along the road from Thiès to Bambey the infrastructure related to groundnut cultivation (storage areas, shelling machinery, etc.) can be seen.

The Agricultural Research Station at Bambey is one of the most important in Western Africa. Its distinctive features are:

- (i) the existence within the station of fields where the results of the research are tested out with application of the husbandry practices used by the local farmers. (champs de vulgarisation).
- (ii) the emphasis placed on crop diversification and seed selection.

Diourbel

Diourbel is an important commercial and administrative center in the heart of the "groundnut basin". It is also the seat of a regional

Diourbel....(cont'd)

office of SODEVA, the recently established public agency in charge of extension. SODEVA will play a key role in the implementation of the agricultural credit project. For the next two years it will benefit from extensive technical assistance from a French consulting firm (SATEC). A discussion with the extension officers and with a cooperative may take place.

Organization of the Senegal River Basin States
(OERS)

The Organization

1. The Organization was established in March 1968 by Senegal, Mali, Mauritania and Guinea. Its general aim is to promote joint development of the river basin. It also aims - without being a supranational organization - at close cooperation in the economic, social and cultural fields. The Heads of State of the four member countries have been very personally involved in the setting up of the Organization which was a politically important step, amongst others, as it repaired inter-regional relations in particular with Guinea whose President, Sékou Touré, had been long at odds with President Senghor. The Organization has survived until now the coup d'etat which took place in Mali in November of last year, though it should be recognized that presently and as a result of the coup, relations between Mali and Guinea are somewhat strained. It should also be noted that the Organization as a whole is in a transitory stage; it is, among others, a result of the fact that some ongoing UNDP studies in the basin's region are, as they are now constituted, more beneficial to Senegal and Mauritania than to Mali and Guinea.

*Ministry sets
reference for
regional
development*

2. It is difficult to make a reasonably accurate forecast about the Organization's future and the role it may play. Many regional groupings or organizations have existed and do still exist in Africa and many among them have been either short lived or emptied of their significance. The decisive factor is, in most cases, whether or not the Heads of member states want a particular grouping to exist for political reasons; only occasionally economic reasons are considered to be more important, as in the case of the French-speaking monetary unions.

3. The Organization has as essential bodies: the Conference of Heads of State, a Council of Ministers, and a Parliamentary Conference with a consultative role and an Executive Secretariat. The latter is based in Dakar and headed by Mr. Ahmed Ould Daddah (a brother of the President of Mauritania) who oversees three general secretariats:

- (i) development of the Senegal River Basin; ✓
- (ii) planning and development; ✓
- (iii) educational, social and cultural affairs. ✓

*what's each
doing*

4. The first-mentioned branch, ~~the~~ the secretariat for the river basin, has recently taken over the role hitherto played by an Inter-governmental Committee in which participated the same four countries and which Committee was the coordinating agency for a series of five UNDP-financed regional preinvestment studies for a coordinated development of the Senegal river basin. These studies, whose total cost will amount to almost \$13 million, were approved by UNDP from 1966 onwards and most of them have now started. They cover the vast fields of agricultural development, transportation, water management.

IBRD's Involvement

5. An Advisory Group composed of the Project Managers for the above-mentioned studies and in which also participate the U.N., the FAO and the IBRD, assists UNDP in supervising the studies mentioned above.
6. It has been the Bank's viewpoint that the studies should be oriented in such a way as to produce economically viable projects leading to early and suitable investments in the area under study. Unfortunately, neither the Advisory Group nor the Executive Agency for the study have been effective in this respect and, beginning in 1967, the Bank has repeatedly protested at the unbusinesslike way in which work was performed. The Bank has also urged that an economist be attached to the Coordinating Committee (now the Secretariat for the river basin) in order to introduce economic considerations in the studies which are necessary if bankable projects are to be developed. These steps undertaken by the Bank have been unsuccessful and to a considerable extent ignored and it has been feared that continued participation in the supervision of the studies might by implication commit the Bank to unsound projects.
7. For the above-mentioned reasons, a meeting was held in December 1968 with Mr. P.M. Henry of the UNDP during which it was explained that either the Bank's recommendations to reorient the studies would have to be implemented or that the Bank would have to withdraw from the Advisory Group. Subsequently, a letter explaining the Bank's ideas about a reorientation of the studies was sent to Mr. P.G. Hoffman, Administrator of UNDP, with the suggestion that his organization take up the matter of reorientation without delay with the four interested countries. The Bank's Development Services Department believes that such discussions have not yet taken place and that it is UNDP's intention to submit the Bank's letter first to the next meeting of the Advisory Group which will take place in late February.

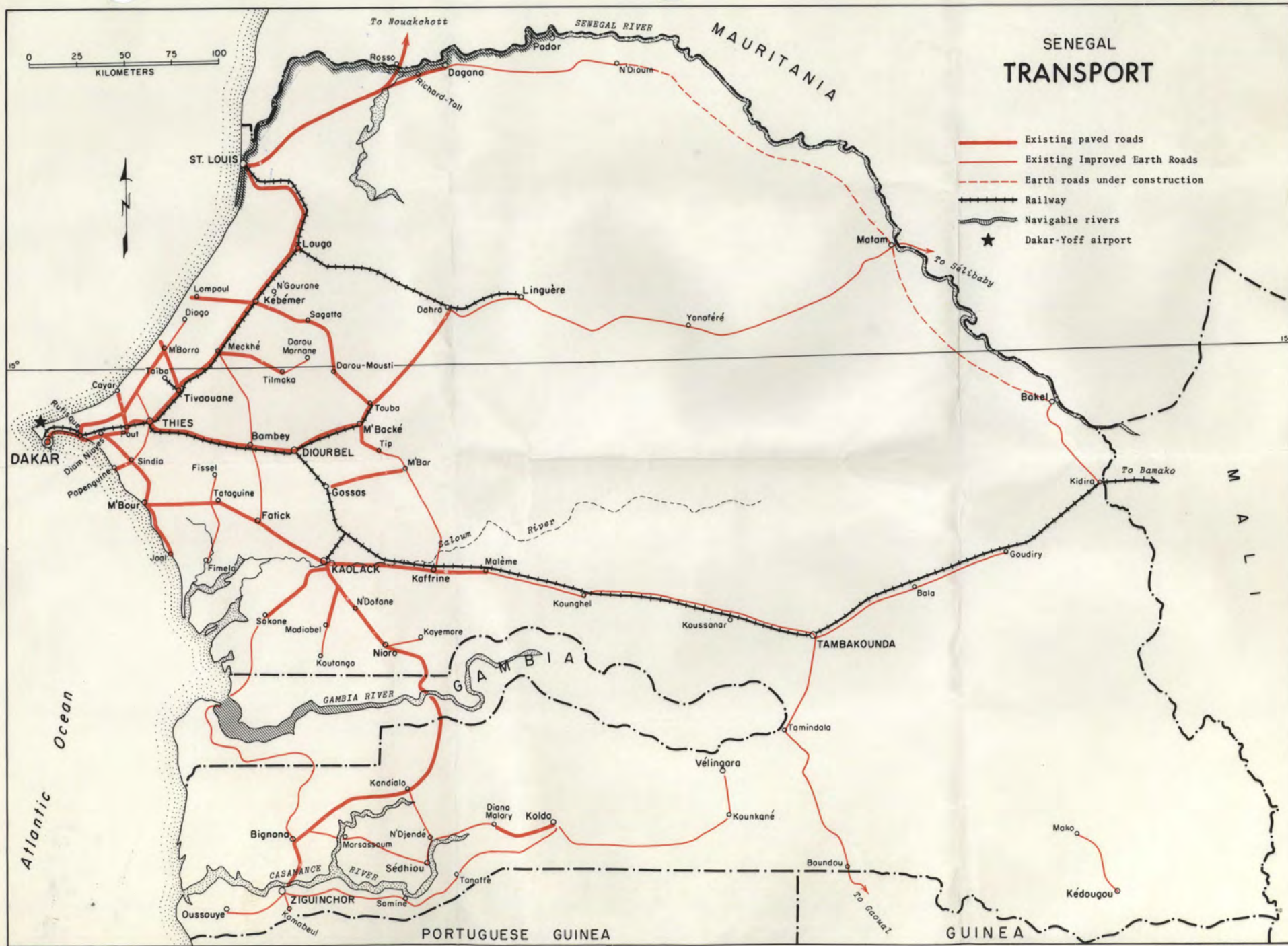
What is the problem

BANK GROUP STAFF IN SENEGAL

(Bank Group Staff Members in Senegal on other business than the President's visit at approximately the time of Mr. McNamara's visit).

Mr. Martijn J. Paijmans	:	Division Chief, Western Africa Department (Operational Mission).
Mr. Paul Goffin	:	Division Chief Agriculture Projects Department (To assist the Government in the evaluation of bids for a consultant contract under the agricultural credit project and discuss the current situation of the Development Bank).
Mr. Messaoud Hassid	:	Agriculture Projects Department (To assist the Government in the evaluation of bids for a consultant contract under the agricultural credit project and discuss the current situation of the Development Bank)
Mr. Roger Blondel	:	IFC (Follow-up visit to SIES)
Mr. Pierre de Longuemar	:	IFC (Follow-up visit to SIES)
Mr. Gérard Garneau	:	Information and Public Affairs Department (Departmental Affairs)

Western Africa Department
January 28, 1969.



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